

MOGALAKWENA

MUNICIPALITY



2017/18

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2018

MOGALAKWENA MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2018

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GENERAL INFORMATION

MAYOR

R.A. Matsemela (Ms)

SPEAKER

H.S. Mathebula

CHIEF WHIP

M.M. Rapatsa

MEMBERS OF THE EXECUTIVE COMMITTEE

Mayor

Councillors:	K.Q. Dekker	L.D. Langa
	M.S. Lelaka	M.R. Maepa
	S.R. Masipa (Ms)	M.F. Mokwele
	P.L. Oliphant (Ms)	M.M. Senoamadi (Ms)
	M.S. Tlhaku	

PORTFOLIO CHAIRPERSONS

Community Services	L.D. Langa
Corporate Support Services	M.S. Tlhaku
Electrical Services	M.F. Mokwele
Finance	S.R. Masipa (Ms)
Municipal Public Accounts Committee	V.H. Kekana
Planning & Developmental Services	P.L. Oliphant (Ms)
Special Projects	K.Q. Dekker
Technical Services	M.M. Senoamadi (Ms)
Traffic and Emergency Services	M.R. Maepa

GRADING OF THE LOCAL AUTHORITY

Grade 6

AUDITORS

External:	Auditor General	Internal:	Own Staff
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PRIMARY BANKER

Standard Bank Limited

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GENERAL INFORMATION (continued)

REGISTERED OFFICE

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0601

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0600

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E-Mail: malulekak@mogalakwena.gov.za

MUNICIPAL MANAGER (Acting)

K. Maluleka (015) 491-9604

malulekak@mogalakwena.gov.za

CHIEF FINANCIAL OFFICER (Acting)

S. Mulenga (015) 491-9606

mulengas@mogalakwena.gov.za

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 8 to 153, in terms of Section 126(1) of the Municipal Finance Management Act (Act No 56 of 2003) and which I have signed on behalf of the municipality.

These Annual Financial Statements will be presented to the Council for information during September 2018.

K. MALULEKA
MUNICIPAL MANAGER (Acting)
31 August 2018

S. MULENGA
CHIEF FINANCIAL OFFICER (Acting)
31 August 2018

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MEMBERS OF THE COUNCIL

WARD	COUNCILLORS	PROPORTIONAL COUNCILLORS
1	Hlako NR ANC	Kekana VH ANC
2	Moloto ME ANC	Mathebula HS ANC
3	Madiba MJ ANC	Matsemela RA ANC
4	Satekge LK ANC	Mokwele MF ANC
5	Baloyi LK ANC	Monene RN ANC
6	Monare MB ANC	Olifant PL ANC
7	Meteleni MS ANC	Rapatsa MM ANC
8	Sebajane RP ANC	Sebatjane MP ANC
9	Mooka TL ANC	Senoamadi MM ANC
10	Masipa SR ANC	Tefu MS ANC
11	Langa LD ANC	Tlhaku MS ANC
12	Lentsoane MC ANC	Lelaka MS EFF
13	Mampane MJ ANC	Leso ES EFF
14	Laka LE ANC	Maepa MR EFF
15	Sekhaolelo SM ANC	Mahladisa ME EFF
16	Maloba LP ANC	Maluleke KJ EFF
17	Seema SE ANC	Molefe LJ EFF
18	Letwaba MS ANC	Molekoa LP EFF
19	Ratema MA ANC	Monama TE EFF
20	Mogale MT ANC	Puka LE EFF
21	Nkhuna BT ANC	Seanego TJ EFF
22	Legodi LG ANC	Thobane MS EFF
23	Lamola LN ANC	Tlhako VK EFF
24	Selema RG ANC	Tselana PA EFF
25	Tjale MR ANC	Magongwa BN DA
26	Debeila SA ANC	Mashao ML DA
27	Kekana ME ANC	Pooe TT DA
28	Langa MJ ANC	Senosha SCG DA
29	Matlala MS ANC	Makgeta TS AZAPO
30	Mashala LJ ANC	Kekana TM COPE
31	Dekker KQ DA	Maritz MF FFPlus
32	Coetzee Y DA	Leshiba MC MRA

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MEMBERS OF THE COUNCIL (continued)

CERTIFICATION OF REMUNERATION OF COUNCILLORS

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

K. MALULEKA
MUNICIPAL MANAGER (Acting)
31 August 2018

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FOREWORD

It is again an absolute pleasure and privilege for me as the Mayor of Mogalakwena Municipality to share with you how our efforts as the municipality have improved the lives of our communities based on the plans and resources available as per the 2017/18 IDP. To improve the lives of our people, we need to improve our performance as a municipality, and improve our operational efficiency and responsiveness to service delivery.

The IDP and budget were prepared for the second time under our watch and as we tabled this second edition of the IDP/Budget. We are aware that the 720 000 people living in our town and 178 villages are looking up to us to improve their quality of lives. We are also aware that their expectations are justified as the social and economic benefits have not yet reached them all yet. We have therefore made a commitment in our operations to address the expectations of communities expressed in the Mayoral IDP Road show as well as consultative meetings with communities, where there is always a very strong emphasis on infrastructure-roads, housing, water, sanitation and electricity.

But, as we strive to provide these basic needs, we cannot afford to give lip service to the following issues which still affect the lives of our people negatively: poverty, unemployment, inequality, HIV/AIDS and general underdevelopment. These are challenges that have long been institutionalised through the past policies of the deliberate underdevelopment, oppression and neglect. However, we have made good progress in addressing many of them and our people must be assured of the continued commitment to address these challenges in partnership with them.

To achieve this goal, a lot of resources will be required. Active participation by our communities therefore becomes a prerequisite for inclusive growth. The municipality is faced with a lot of challenges which are multi-sectorial and inter-related in nature. The issues include amongst others, infrastructure development, electricity, road, water, social development etc. In order to mitigate the challenges, we have identified revenue enhancement and credit control as key towards sustaining our municipal services. We will initiate various programmes aimed at enhancing our revenue and improving the balance sheet of our municipality. Programmes such as street parking management prepaid water meters, smart metering, and interest write off for our customers, repairing leakages, energy efficiency programme such as solar geyser and recycling of waste.

I, together with my Mayoral Committee, the whole Council and municipal administration, look forward to continuing to work for the building of a transformed municipality in which our vision will be a practical reality. We are positive that our municipality's future holds the promise of a better life for all who may wish to live and work here.

CLR R.A. MATSEMELA
MAYOR
31 August 2018

MOGALAKWENA MUNICIPALITY
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STATEMENT BY THE MUNICIPAL MANAGER

Mogalakwena Municipality is a Grade 6 Local Authority whose ultimate objectives are to create a climate conducive for economic growth and job creation, to expand and enhance the infrastructure, and to ensure that more people of our municipality have access to basic services.

The municipality's key responsibilities include the provision of basic services such as electricity, water, sanitation, refuse removal, roads and storm water and recreational facilities to make our municipality a pleasant place to live in. While doing this, it is essential that the municipality's administration is well managed. In order to manage administration well and to ensure that more people have access to basic services, we need to improve our performance as a municipality, improve our operational efficiency and responsiveness to service delivery. The employees of the municipality need to acknowledge the fundamental importance of addressing underlying service delivery hindrances. To achieve the strategic objectives, a concerted effort and commitment will be required from all of us in the municipality and our stakeholders from all disciplines.

The above initiatives will be possible if the minimal financial resources available are well managed. In order to properly manage finances, the National Treasury introduced the Municipal Standard Chart of Accounts. mSCOA is part of the National Treasury's ongoing budget and reporting reforms. mSCOA-ready means that municipalities are able to capture all their financial transactions against a predefined classification framework. mSCOA regulation has not only been a financial reform, but an entire overhaul of municipal business processes. Since not only financial and budget oriented practitioners are involved, implementation has required organisational change across the entire municipality and integration of accounting systems. Consequently, implementation has involved system conversion and / or re-implementation, with all the associated challenges and risks.

From the onset, a major obstacle to mSCOA implementation and integration was uncertainty from Mogalakwena's perspective considering that as a municipality we started the mSCOA 9 months before going live date of the 1st July 2017. However, it is an absolute pleasure and privilege for me to mention that despite the delayed start, Mogalakwena is mSCOA-ready in terms of transacting in mSCOA and the process has been passed by National Treasury. I am proud about this because it means as a municipality, we will continue delivering services uninterrupted while submitting to the checks and balances of prudent financial management.

We are never the less committed to working in partnership with our institutions of traditional leadership and sector departments to eradicate the remaining service delivery backlogs as identified in the IDP community road shows. The municipality is charged with the responsibility of ensuring prompt and responsive, accelerated service delivery and sustained growth as it is at the coalface of service delivery. To achieve this goal, a lot of resources will be required. The national development plan promotes active citizenry. Active participation by our communities therefore becomes a prerequisite for inclusive growth.

K. MALULEKA
MUNICIPAL MANAGER (Acting)
31 August 2018

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REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the Annual Financial Statements of Mogalakwena Municipality at 30 June 2018.

These Annual Financial Statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The standards and pronouncements that form the GRAP Reporting Framework for the 2017/18 financial period is set out in Directive 5 issued by the ASB on 11 March 2009, as amended.

The Statement of Financial Position at 30 June 2018 indicates a decrease in Net Assets, a decrease in Non-current Liabilities and an increase in Current Liabilities.

The decrease in Net Assets is ascribed primarily to the decrease in Property, Plant and Equipment as a result of the correction of prior period errors in terms of 2016/17 audit findings. The decrease in Non-current Liabilities is primarily as a result of the decreases in Retirement Benefit Liabilities and Long-service Benefits. The increase in Current Liabilities is primarily as a result of the increase in Unspent Conditional Grants.

2. MSCOA IMPLEMENTATION PLAN

The municipality implemented the Municipal Standard Chart of Accounts (mSCOA) during the year ended 30 June 2018 as required in terms of the Municipal Regulations on Standard Chart of Accounts, announced by Government Gazette No 37577 of 22 April 2014, in section 168 of the Local Government: Municipal Finance Management Act (Act 56 of 2003) and through directives and guidelines from National Treasury.

The municipality at 30 June 2016 had fully implemented MSCOA. The municipality therefore early adopted disclosures to be aligned to MSCOA chart. Some of the accounting policies were amended based on the classification requirements within MSCOA. Disclosure has therefore been restated to meet the requirements of MSCOA.

Frequent Provincial Treasury workshops on MSCOA were attended by the delegated officials of the municipality to ensure that all staff are aware of the impact that MSCOA will have on the municipal operations and reporting as from 1 July 2017.

2. KEY FINANCIAL INDICATORS

The following indicators are self-explanatory. The percentages of expenditure categories are well within acceptable norms and indicate good governance of the funds of the municipality.

2.1 Financial Statement Ratios:

INDICATOR	2018	2017
Surplus / (Deficit) before Appropriations	360 044 309	(83 115 369)
Surplus / (Deficit) at the end of the Year	4 415 266 089	3 890 778 314
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	23.30%	18.36%
Remuneration of Councillors	0.96%	1.58%
Depreciation and Amortisation	9.72%	29.52%
Impairment Losses	8.26%	3.22%
Interest, Dividends and Rent on Land	0.27%	0.25%
Bulk Purchases	22.10%	15.96%
Contracted Services	27.99%	24.45%
Inventory Consumed	1.84%	2.33%
Transfers and Subsidies Paid	0.12%	0.02%
Operating Leases	0.39%	0.92%
Operational Costs	5.06%	3.40%
Current Ratio:		
Trade Creditors Days	89	102
Debtors from Exchange Transactions Days	126	165

A detailed ratio analysis, together with explanantions, is included in Appendix "H".

3. OPERATING RESULTS

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results are included in Appendices "E (1), E (2) and E (3)".

The services offered by Mogalakwena Municipality can generally be classified as Rates and General, Economic and Trading Services and are discussed in more detail below.

3.1 Rates and General Services:

Rates and General Services are all types of services rendered by the municipality, excluding those listed below. The main income sources are Assessment Rates and Sundry Fees levied.

DETAILS	Actual 2017/18 R	Actual 2016/17 R	Percentage Variance %	Budgeted 2017/18 R	Variance actual/ budgeted %
Income	787 768 342	557 265 315	41.36	4 453 358	17 589.31
Expenditure	519 449 855	649 123 494	(19.98)	(68 649 760)	(856.67)
Surplus / (Deficit)	268 318 488	(91 858 180)	(392.10)	73 103 118	267.04
Surplus / (Deficit) as % of total income	34.06%	(16.48)%		1641.53%	

3.2 Housing Services:

Housing Services are services rendered by the municipality to supply housing to the community and includes the rental of units owned by the municipality to public and staff. The main income source is the levying of Housing Rentals.

DETAILS	Actual 2017/18 R	Actual 2016/17 R	Percentage Variance %	Budgeted 2017/18 R	Variance actual/ budgeted %
Income	151 643	153 922	(1.48)	-	100.00
Expenditure	901 163	796 055	13.20	694 623	29.73
Surplus / (Deficit)	(749 520)	(642 133)	16.72	(694 623)	7.90
Surplus / (Deficit) as % of total income	(494.27)%	(417.18)%		(100.00)%	

3.3 Waste Management Services:

Waste Management Services are services rendered by the municipality for the collection, disposal and purifying of waste (refuse and sewerage). Income is mainly generated from the levying of fees and tariffs determined by the council.

DETAILS	Actual 2017/18 R	Actual 2016/17 R	Percentage Variance %	Budgeted 2017/18 R	Variance actual/ budgeted %
Income	45 527 869	13 868 934	228.27	2 230 812	1 940.87
Expenditure	77 766 181	36 045 098	115.75	(23 524 518)	(430.58)
Surplus / (Deficit)	(32 238 312)	(22 176 165)	45.37	25 755 330	(225.17)
Surplus / (Deficit) as % of total income	(70.81)%	(159.90)%		1154.53%	

3.4 Electricity Services:

Electricity is bought in bulk from Eskom and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R194 938 852 (2017: R148 585 895). Tariffs levied for electricity are subject to administered adjustments.

DETAILS	Actual 2017/18 R	Actual 2016/17 R	Percentage Variance %	Budgeted 2017/18 R	Variance actual/ budgeted %
Income	264 678 397	193 515 767	36.77	(2 498 734)	(10 692.50)
Expenditure	246 246 201	252 312 837	(2.40)	15 974 509	1 441.49
Surplus / (Deficit)	18 432 196	(58 797 071)	(131.35)	(18 473 243)	(199.78)
Surplus / (Deficit) as % of total income	6.96%	(30.38)%		739.30%	

3.5 Water Services:

Water is bought in bulk from Lepelle Northern Water and "Uitloop Water Beleggings" and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R36 001 726 (2017: R36 058 819). Tariffs levied for water are subject to administered adjustments.

DETAILS	Actual 2017/18 R	Actual 2016/17 R	Percentage Variance %	Budgeted 2017/18 R	Variance actual/ budgeted %
Income	289 459 994	298 705 740	(3.10)	(8 608 860)	(3 462.35)
Expenditure	210 682 252	219 443 753	(3.99)	(17 807 945)	(1 283.08)
Surplus / (Deficit)	78 777 742	79 261 987	(0.61)	9 199 085	756.36
Surplus / (Deficit) as % of total income	27.22%	26.54%		(106.86)%	
	27 503 716	11 096 192		(177 779 334)	

4. RECONCILIATION OF BUDGET TO ACTUAL

4.1 Operating Budget:

DETAILS	2018	2017
<i>Variance per Category:</i>		
Budgeted surplus before appropriations	(88 889 667)	175 390 846
Revenue variances	1 400 602 824	(49 813 241)
Expenditure variances:		
Employee Related Costs	(330 661 197)	63 713 736
Remuneration of Councillors	44 202	1 336 224
Depreciation and Amortisation	(135 477 764)	(279 682 689)
Impairment Losses	(99 353 649)	6 766 965
Interest, Dividends and Rent on Land	(2 839 949)	(2 868 974)
Bulk Purchases	(229 204 085)	(15 152 102)
Contracted Services	(102 776 614)	9 247 702
Inventory Consumed	(2 811 595)	2 919 462
Transfers and Subsidies Paid	(1 528 708)	1 827 821
Operating Leases	(1 058 824)	(8 838 902)
Operational Costs	(46 000 664)	12 037 783
Losses on Other Operations	-	-
Income Taxes	-	-
Statutory Payments other than Taxes	-	-
Loss on Disposal of Property, Plant and Equipment	-	-
Actual surplus before appropriations	360 044 309	(83 115 369)

4.2 Capital Budget:

DETAILS	Actual 2017/18 R	Actual 2016/17 R	Variance actual 2017/18 / 2016/17 R	Budgeted 2017/18 R	Variance actual/ budgeted R
Executive and Council	1 181 549	-	1 181 549	1 253 453	(71 904)
Finance and Administration	7 358 811	13 386 365	(6 027 555)	10 625 883	(3 267 072)
Internal Audit	32 073	-	32 073	32 072	1
Community and Social Services	174 060	943 723	(769 663)	174 060	-
Public Safety	9 500	246 217	(236 717)	9 500	-
Sport and Recreation	8 901 819	26 466 327	(17 564 508)	4 450 910	4 450 909
Housing	7 994	-	7 994	7 994	0
Planning and Development	106 619	26 073	80 546	106 618	1
Road Transport	47 637 967	50 520 533	(2 882 566)	34 074 773	13 563 194
Energy Sources	2 298 995	10 299 751	(8 000 756)	19 863 169	(17 564 174)
Waste Management	6 580 512	3 379 082	3 201 430	8 790 837	(2 210 325)
Waste Water Management	-	91 189 764	(91 189 764)	4 000 003	(4 000 003)
Water Management	542 243 820	253 816 664	288 427 156	326 374 703	215 869 117
Other	25 981	-	25 981	25 981	-
	616 559 700	450 274 499	166 285 200	409 789 956	206 769 744

Details of the results per segmental classification of capital expenditure are included in Appendix "C" and in Appendix "E (4)".

5. ACCUMULATED SURPLUS

The balance of the Accumulated Surplus as at 30 June 2018 amounted to R4 415 266 089 (30 June 2017: R3 890 778 314) and is made up as follows:

Opening Balance	3 870 376 405
Correction of Prior Period Error	#####
Transfers to/from Reserves	1 915 118 968
Accumulated Surplus As Per Financial Performance	<u>360 044 309</u>
	<u>4 415 266 089</u>

The municipality, in conjunction with its own capital requirements and external funds (external loans and grants) is able to finance its annual infrastructure capital programme.

Refer to Note 22 and the Statement of Change in Net Assets for more detail.

6. EMPLOYEE BENEFIT LIABILITIES

Employee Benefit Liabilities amounted R76 423 238 as at 30 June 2018 (30 June 2017: R77 758 782) and is made up as follows:

Post-retirement Health Care Benefits Liability	65 436 520
Long Service Awards Liability	<u>10 986 718</u>
	<u>76 423 238</u>

The Post-retirement Health Care Benefits Liability is in respect of continued Health Care Benefits for employees of the municipality after retirement being members of schemes providing for such benefits. This liability is unfunded.

The Long-term Service Liability is an estimate of the long-service based on historical staff turnover. No other long-term service benefits are provided to employees. This liability is unfunded.

Refer to Note 19 for more detail.

7. NON-CURRENT PROVISIONS

Non-current Provisions amounted R36 071 108 as at 30 June 2018 (30 June 2017: R35 240 798) and is made up as follows:

Bonus	168 167
Decommissioning, Restoration and Similar Liabilities: Landfill Sites	<u>35 902 941</u>
	<u>36 071 108</u>

These provisions are made in order to enable the municipality to be in a position to fulfill its known legal obligations when they become due and payable.

Refer to Note 20 for more detail.

8. CURRENT LIABILITIES

Current Liabilities amounted R548 006 076 as at 30 June 2018 (30 June 2017: R331 609 393) and is made up as follows:

Consumer Deposits	Note 14	123 701 324
Provisions	Note 15	2 882 315
Payables from Exchange Transactions	Note 16	267 236 623
Unspent Conditional Grants and Receipts	Note 17	133 398 243
Bank Overdraft	Note 6	20 787 571
Current Portion of Long-term Liabilities	Note 18	-
		<u>548 006 076</u>

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Notes for more detail.

9. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R5 001 284 774 as at 30 June 2018 (30 June 2017: R6 268 489 354).

Refer to Note 9 and Appendices "B, C and E (4)" for more detail.

10. INTANGIBLE ASSETS

The net value of Intangible Assets were R1 623 892 as at 30 June 2018 (30 June 2017: R1 985 093).

Intangible Assets are assets which cannot physically be identified and verified and are in respect of computer software obtained by the municipality in order to be able to fulfil its duties as far as service delivery is concerned.

Refer to Note 10 and Appendix "B" for more detail.

11. INVESTMENT PROPERTY

The net value of Investment Properties were R38 029 892 as at 30 June 2018 (30 June 2017: R35 359 425).

Investment Property is property held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of operations.

Refer to Note 11 and Appendix "B" for more detail.

12. HERITAGE ASSETS

The net value of Heritage Assets were R5 736 342 as at 30 June 2018 (30 June 2017: R5 736 342).

Heritage Assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Refer to Note 12 and Appendix "B" for more detail.

13. LONG-TERM RECEIVABLES

Long-term Receivables of R17 151 452 at 30 June 2018 (30 June 2017: R1 453 315) is made up as follows:

Public Organisation	11 914 881
Staff Related Long Term Receivables	43 380
Trading Service Debtors	<u>17 151 452</u>
	29 109 714
Less: Short-term portion included in Current Assets	<u>11 958 261</u>
	<u>17 151 452</u>

The decrease in the amount for Long-term Receivables is due to the increased amount in the short-term portion due to agreements expiring in the year 2018/19.

Refer to Note 13 for more detail.

14. CURRENT ASSETS

Current Assets amounted R583 260 115 as at 30 June 2018 (30 June 2017: R508 802 681) and is made up as follows:

Inventories	Note 2	30 175 966
Receivables from Exchange Transactions	Note 3	108 512 426
Receivables from Non-exchange Transactions	Note 4	178 163 356
VAT Receivable	Note 5	91 330 619
Cash and Cash Equivalents	Note 6	163 027 100
Operating Lease Receivables	Note 7	92 388
Current Portion of Long-term Receivables	Note 8	<u>11 958 261</u>
		<u>583 260 115</u>

Refer to the indicated Notes for more detail.

15. INTER-GOVERNMENTAL GRANTS

The municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance and provision of free basic services.

Refer to Notes 17 and 26, and Appendix "F" for more detail.

16. EVENTS AFTER THE REPORTING DATE

Full details of all known events, if any, after the reporting date are disclosed in Note 58.

17. EXPRESSION OF APPRECIATION

We are grateful to the Mayor, members of the Executive Committee, Councillors, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.

S. MULENGA
CHIEF FINANCIAL OFFICER (Acting)
31 August 2018

MOGALAKWENA MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

		Actual	
	Note	2018 R	2017 Restated R
ASSETS			
Current Assets		583 260 115	508 802 681
Inventories	2	30 175 966	9 125 109
Receivables from Exchange Transactions	3	108 512 426	111 134 156
Receivables from Non-exchange Transactions	4	178 163 356	49 446 151
VAT Receivable	5	91 330 619	113 601 455
Cash and Cash Equivalents	6	163 027 100	219 255 882
Operating Lease Receivables	7	92 388	86 051
Current Portion of Long-term Receivables	8	11 958 261	6 153 876
Non-Current Assets		5 063 826 351	6 313 023 529
Property, Plant and Equipment	9	5 001 284 774	6 268 489 354
Intangible Assets	10	1 623 892	1 985 093
Investment Property	11	38 029 892	35 359 425
Heritage Assets	12	5 736 342	5 736 342
Long-term Receivables	13	17 151 452	1 453 315
Total Assets		5 647 086 466	6 821 826 210
LIABILITIES			
Current Liabilities		548 006 076	331 609 393
Consumer Deposits	14	123 701 324	22 267 558
Provisions	15	2 882 315	3 156 685
Payables from Exchange Transactions	16	267 236 623	286 414 265
Unspent Conditional Grants and Receipts	17	133 398 243	19 770 885
Bank Overdraft	6	20 787 571	-
Non-Current Liabilities		112 494 346	112 999 580
Employee Benefit Liabilities	19	76 423 238	77 758 782
Non-current Provisions	20	36 071 108	35 240 798
Total Liabilities		660 500 422	444 608 973
Total Assets and Liabilities		4 986 586 044	6 377 217 237
NET ASSETS		4 986 586 044	6 377 217 237
Reserves	21	571 319 955	2 486 438 923
Accumulated Surplus / (Deficit)	22	4 415 266 089	3 890 778 314
Total Net Assets		4 986 586 044	6 377 217 237

MOGALAKWENA MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018

	Note	Actual	
		2018	2017
		R	Restated R
REVENUE			
Revenue from Non-exchange Transactions			
Property Rates	23	64 099 779	59 618 321
Fines, Penalties and Forfeits	24	25 998 815	2 200 982
Licences and Permits	25	19 522	1 457 167
Transfers and Subsidies	26	914 796 631	696 186 307
Interest, Dividends and Rent on Land Earned	30	7 891 755	-
Revenue from Exchange Transactions			
Licences and Permits	25	10 870 907	7 141 451
Service Charges	27	313 832 071	246 544 386
Sales of Goods and Rendering of Services	28	2 271 223	(225 353)
Rental from Fixed Assets	29	7 053 091	(10 036 369)
Interest, Dividends and Rent on Land Earned	30	47 590 358	41 800 957
Operational Revenue	31	2 109 106	18 081 697
Gains on Disposal of Property, Plant and Equipment	43	8 492 990	11 096 192
Total Revenue		1 405 026 248	1 073 865 739
EXPENDITURE			
Employee Related Costs	32	243 443 560	212 449 004
Remuneration of Councillors	33	10 025 765	18 225 312
Depreciation and Amortisation	34	101 552 312	341 552 658
Impairment Losses	35	86 291 003	37 233 035
Interest, Dividends and Rent on Land	36	2 839 949	2 868 974
Bulk Purchases	37	230 940 577	184 644 715
Contracted Services	38	292 447 839	282 872 560
Inventory Consumed	39	19 249 094	26 899 949
Transfers and Subsidies Paid	40	1 212 043	221 337
Operating Leases	41	4 108 972	10 687 164
Operational Costs	42	52 870 824	39 326 400
Loss on Disposal of Property, Plant and Equipment	43	-	-
Total Expenditure		1 044 981 938	1 156 981 108
SURPLUS / (DEFICIT) FOR THE YEAR		360 044 309	(83 115 369)
Refer to Budget Statement for explanation of budget variances			

MOGALAKWENA MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2018

	Total Funds & Reserves	Accumulated Surplus / (Deficit)	Total
	R	R	R
2017			
Balance at 30 June 2016	2 419 168 994	4 041 463 612	6 460 632 606
Correction of Error (Note 44)	-	(300 000)	(300 000)
Restated Balance	2 419 168 994	4 041 163 612	6 460 332 606
Surplus / (Deficit) for the year	-	(83 115 369)	(83 115 369)
Other Transfers to / from Accumulated Surplus	-	-	-
Transfers to / from Accumulated Surplus	201 481 090	(182 148 659)	19 332 431
Transfers to / from Reserves	-	-	-
Depreciation Offsets	-	114 878 731	114 878 731
Proceeds	-	-	-
Utilisation	-	-	-
Current Period Revaluation Increases / Decreases	-	-	-
Disposal of Asset	-	-	-
Purchases	(134 211 161)	-	(134 211 161)
Payments	-	-	-
Balance at 30 June 2017	2 486 438 923	3 890 778 314	6 377 217 237
2018			
Change in Accounting Policy (Note N/A)	-	-	-
Correction of Error (Note 44)	-	(1 730 273 593)	(1 730 273 593)
Restated Balance	2 486 438 923	2 160 504 721	4 646 943 644
Surplus / (Deficit) for the year	-	360 044 309	360 044 309
Other Transfers to / from Accumulated Surplus	-	(20 401 909)	(20 401 909)
Transfers to / from Accumulated Surplus	(1 894 094 550)	1 915 118 968	21 024 418
Transfers to / from Reserves	-	-	-
Depreciation Offsets	-	-	-
Proceeds	-	-	-
Utilisation	-	-	-
Current Period Revaluation Increases / Decreases	-	-	-
Disposal of Asset	-	-	-
Purchases	(21 024 418)	-	(21 024 418)
Payments	-	-	-
Balance at 30 June 2018	571 319 955	4 415 266 089	4 986 586 044
	-	-	-

Details on the movement of the Funds and Reserves are set out in Note 21 and Note 22.

MOGALAKWENA MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

		Actual	
	Note	2018	2017
		R	Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Property Rates		48 919 917	46 929 899
Transfers and Subsidies		1 028 423 988	663 811 752
Service Charges		252 289 940	199 200 399
External Interest and Dividends Received		16 287 548	31 114 322
Other Receipts		47 475 789	20 761 871
VAT Receivable / Payable		22 270 837	-
Payments			
Employee Related Costs		(269 002 813)	(211 221 644)
Remuneration of Councillors		(10 025 765)	(18 225 312)
External Interest and Dividends Paid		(2 839 949)	(2 868 974)
Suppliers Paid		(963 736 160)	(488 625 410)
Other Payments		(1 784 087 692)	(49 560 750)
VAT Receivable / Payable		-	(70 683 638)
NET CASH FLOWS FROM OPERATING ACTIVITIES		(1 614 024 360)	120 632 515
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	9	(611 052 335)	(449 597 395)
Purchase of Intangible Assets	10	-	(677 104)
Proceeds on Disposal of Property, Plant and Equipment	43	13 900 216	23 068 192
Correction of Prior Year Errors	9	2 149 858 264	-
Decrease / (Increase) in Long-term Receivables	14	(15 698 138)	(1 137 365)
NET CASH FLOWS FROM INVESTING ACTIVITIES		1 537 008 007	(428 343 673)
CASH FLOWS FROM FINANCING ACTIVITIES			
NET CASH FLOWS FROM FINANCING ACTIVITIES		-	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(77 016 353)	(307 711 158)
Cash and Cash Equivalents at Beginning of Period		219 255 882	526 967 040
Cash and Cash Equivalents at End of Period	6	142 239 529	219 255 882

MOGALAKWENA MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2018

30 June 2018

Description	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R
FINANCIAL POSITION										
Current Assets										
Inventories	30 534 461	1 770 999	32 305 460	-	32 305 460	30 175 966	-	(2 129 494)	93.41	98.83
Receivables from Exchange Transactions	224 891 076	(31 355 262)	193 535 814	-	193 535 814	108 512 426	-	(85 023 388)	56.07	48.25
Receivables from Non-exchange Transactions	169 370 178	9 823 470	179 193 648	-	179 193 648	178 163 356	-	(1 030 292)	99.43	105.19
VAT Receivable	-	-	-	-	-	91 330 619	-	91 330 619	0.00	0.00
Cash and Cash Equivalents	439 645 443	25 499 435	465 144 878	-	465 144 878	163 027 100	-	(302 117 778)	35.05	37.08
Operating Lease Receivables	-	-	-	-	-	92 388	-	92 388	0.00	0.00
Current Portion of Long-term Receivables	3 163 067	183 458	3 346 525	-	3 346 525	11 958 261	-	8 611 736	357.33	378.06
Non-Current Assets										
Property, Plant and Equipment	1 979 640 438	114 819 146	2 094 459 584	-	2 094 459 584	5 001 284 774	-	2 906 825 190	238.79	252.64
Intangible Assets	1 780 828	103 288	1 884 116	-	1 884 116	1 623 892	-	(260 224)	86.19	91.19
Investment Property	2 645 961	153 465	2 799 426	-	2 799 426	38 029 892	-	35 230 466	1 358.49	1 437.28
Heritage Assets	-	-	-	-	-	5 736 342	-	5 736 342	0.00	0.00
Long-term Receivables	293 283	17 010	310 293	-	310 293	17 151 452	-	16 841 159	5 527.50	5 848.09
Total Assets	2 851 964 735	121 015 009	2 972 979 744	-	2 972 979 744	5 647 086 466	-	2 674 106 722	189.95	198.01
Current Liabilities										
Consumer Deposits	27 556 822	1 598 295	29 155 117	-	29 155 117	123 701 324	-	94 546 207	424.29	448.90
Provisions	4 232 007	245 456	4 477 463	-	4 477 463	2 882 315	-	(1 595 148)	64.37	68.11
Payables from Exchange Transactions	267 325 679	15 504 889	282 830 568	-	282 830 568	267 236 623	-	(15 593 945)	94.49	99.97
Unspent Conditional Grants and Receipts	-	-	-	-	-	133 398 243	-	133 398 243	0.00	0.00
Bank Overdraft	-	-	-	-	-	20 787 571	-	20 787 571	0.00	0.00
Non-Current Liabilities										
Employee Benefit Liabilities	-	-	-	-	-	76 423 238	-	76 423 238	0.00	0.00
Non-current Provisions	-	-	-	-	-	36 071 108	-	36 071 108	0.00	0.00
Total Liabilities	299 114 508	17 348 640	316 463 148	-	316 463 148	660 500 422	-	344 037 274	208.71	220.82
Total Assets and Liabilities	2 552 850 227	103 666 369	2 656 516 596	-	2 656 516 596	4 986 586 044	-	2 330 069 448	187.71	195.33
Net Assets (Equity)										
Statutory Funds	-	-	-	-	-	-	-	-	0.00	0.00
Reserves	2 441 739 426	141 620 886	2 583 360 312	-	2 583 360 312	571 319 955	-	(2 012 040 357)	22.12	23.40
Accumulated Surplus / (Deficit)	111 110 801	(37 954 517)	73 156 284	-	73 156 284	4 415 266 089	-	4 342 109 805	6 035.39	3 973.75
Total Net Assets	2 552 850 227	103 666 369	2 656 516 596	-	2 656 516 596	4 986 586 044	-	2 330 069 448	187.71	195.33

Financial Position: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

Receivables from Exchange Transactions:

Collection for the historical debt was poor due to unwillingness to pay by consumers.

Receivables from Non-exchange Transactions:

Decline of investments due over payment of service providers and poor revenue collection.

VAT Receivable:

Input VAT increased due to high payment to service providers and SARS was taking too long to audit and repay.

Cash and Cash Equivalents:

Decline of investments due over payment of service providers and poor revenue collection.

Operating Lease Receivables:

NT Budget Template not aligned to GRAP and does not provide for Operating Lease Receivables.

Current Portion of Long-term Receivables:

Budgeted for under Long-term Portion of Long-term Receivables.

Property, Plant and Equipment:

Increase due to take on and adjustment on assets.

Intangible Assets:

Capital expenditure budgeted for, not realised.

Investment Property:

'Due to the recompilation of the Property investment Register.

Heritage Assets:

Due to realignment of the mSCOA structure.

Long-term Receivables:

Current Portion of Long-term Receivables budgeted for under Long-term Receivables. Therefore over budgeted for.

Consumer Deposits:

Deposits paid out due to installation of prepaid meters.

Provisions:

Increase in the current portions of PEMA and LSA valuation reports

Unspent Conditional Grants and Receipts:

Budgeted for under Payables from exchange Transactions as the budget returns does not make provision for a separate line item for unspent grants.

Bank Overdraft:

Increase in non cash items (Cash book transactions).

Retirement Benefit Liabilities:

Under budgeted for Employee Benefit Liabilities due to a cap amount incorrectly applied to retired employees that influence the valuation.

Non-current Provisions:

It was under-budgeted for Provision for Rehabilitation of Landfill Sites, which were restated during the current financial year.

Reserves:

In the 2016/17 a deficit was realised which decreased the Reserve.

Accumulated Surplus / (Deficit):

Combination of reasons stated above

Description	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R
FINANCIAL PERFORMANCE										
Revenue from Non-exchange Transactions										
Property Rates	71 242 544	(71 242 544)	-	(71 242 544)	1 778 997	64 099 779	-	62 320 782	3 603.14	89.97
Fines, Penalties and Forfeits	5 990 872	(5 990 872)	-	(5 990 872)	(2 024 158)	25 998 815	-	28 022 973	0.00	433.97
Licences and Permits	45 708	(45 708)	-	(45 708)	(15 083)	19 522	-	34 605	0.00	42.71
Transfers and Subsidies	753 205 752	(753 205 752)	-	(753 205 752)	(20 580 279)	914 796 631	-	935 376 910	0.00	121.45
Interest, Dividends and Rent on Land Earned	-	-	-	-	-	7 891 755	-	7 891 755	0.00	0.00
Revenue from Exchange Transactions										
Licences and Permits	8 983 254	(8 983 254)	-	(8 983 254)	53 200	10 870 907	-	10 817 707	20 434.04	121.01
Service Charges	339 314 012	(339 314 012)	-	(339 314 012)	16 454 121	313 832 071	-	297 377 950	1 907.32	92.49
Sales of Goods and Rendering of Services	(6 013 554)	6 013 554	-	6 013 554	8 306 029	2 271 223	-	(6 034 806)	27.34	0.00
Rental from Fixed Assets	1 492 027	(1 492 027)	-	(1 492 027)	(895 133)	7 053 091	-	7 948 224	0.00	472.72
Interest, Dividends and Rent on Land Earned	42 166 466	(42 166 466)	-	(42 166 466)	(459 822)	47 590 358	-	48 050 180	0.00	112.86
Operational Revenue	458 275	(458 275)	-	(458 275)	1 805 552	2 109 106	-	303 554	116.81	460.23
Gains on Disposal of Property, Plant and Equipment	8 753 100	(8 753 100)	-	(8 753 100)	-	8 492 990	-	8 492 990	0.00	97.03
Total Revenue	1 225 638 456	(1 225 638 456)	-	(1 225 638 456)	4 423 424	1 405 026 248	-	1 400 602 824	31 763.32	114.64
Expenditure										
Employee Related Costs	337 777 993	(337 777 993)	-	(416 545 573)	(87 217 637)	243 443 560	330 661 197	330 661 197	0.00	72.07
Remuneration of Councillors	-	-	-	4 813 565	10 069 967	10 025 765	-	(44 202)	99.56	0.00
Depreciation and Amortisation	91 418 117	(91 418 117)	-	(77 561 863)	(33 925 452)	101 552 312	135 477 764	135 477 764	0.00	111.09
Impairment Losses	38 140 278	(38 140 278)	-	(38 140 278)	(13 062 646)	86 291 003	99 353 649	99 353 649	0.00	226.25
Interest, Dividends and Rent on Land	-	-	-	-	-	2 839 949	2 839 949	2 839 949	0.00	0.00
Bulk Purchases	229 704 527	(229 704 527)	-	(211 455 171)	1 736 492	230 940 577	229 204 085	229 204 085	13 299.26	100.54
Contracted Services	104 126 249	(104 126 249)	-	(59 084 478)	189 671 225	292 447 839	102 776 614	102 776 614	154.19	280.86
Inventory Consumed	3 534 274	(3 534 274)	-	(10 310 474)	16 437 499	19 249 094	2 811 595	2 811 595	117.10	544.64
Transfers and Subsidies Paid	1 626 419	(1 626 419)	-	(1 626 419)	(316 665)	1 212 043	1 528 708	1 528 708	0.00	74.52
Operating Leases	1 417 847	(1 417 847)	-	(1 566 819)	3 050 148	4 108 972	1 058 824	1 058 824	134.71	289.80
Operational Costs	50 226 752	(50 226 752)	-	(47 202 415)	6 870 160	52 870 824	46 000 664	46 000 664	769.57	105.26
Surplus/(Deficit for the Year)	367 666 000	(367 666 000)	-	(366 958 531)	(88 889 667)	360 044 309	(951 713 049)	448 933 976	-	97.93

Financial Performance: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below:

Property Rates:

Reclassification of amounts due to mSCOA vote structure.

Fines, Penalties and Forfeits:

Reclassification of amounts due to mSCOA vote structure.

Licences and Permits:

Reclassification of amounts due to mSCOA vote structure.

Transfers and Subsidies:

Reclassification of amounts due to mSCOA vote structure.

Interest, Dividends and Rent on Land Earned:

Reclassification of amounts due to mSCOA vote structure.

Licences and Permits:

Reclassification of amounts due to mSCOA vote structure.

Service Charges:

Reclassification of amounts due to mSCOA vote structure.

Sales of Goods and Rendering of Services:

Reclassification of amounts due to mSCOA vote structure.

Rental from Fixed Assets:

Reclassification of amounts due to mSCOA vote structure.

Interest, Dividends and Rent on Land Earned:

Reclassification of amounts due to mSCOA vote structure.

Operational Revenue:

Reclassification of amounts due to mSCOA vote structure.

Gains on Disposal of Property, Plant and Equipment:

Reclassification of amounts due to mSCOA vote structure.

Employee Related Costs:

Reclassification of amounts due to mSCOA vote structure.

Depreciation and Amortisation:

Reclassification of amounts due to mSCOA vote structure.

Impairment Losses:

Reclassification of amounts due to mSCOA vote structure.

Interest, Dividends and Rent on Land:

Reclassification of amounts due to mSCOA vote structure.

Bulk Purchases:

Reclassification of amounts due to mSCOA vote structure.

Contracted Services:

Reclassification of amounts due to mSCOA vote structure.

Inventory Consumed:

Reclassification of amounts due to mSCOA vote structure.

Transfers and Subsidies Paid:

Reclassification of amounts due to mSCOA vote structure.

Operating Leases:

Reclassification of amounts due to mSCOA vote structure.

Operational Costs:

Reclassification of amounts due to mSCOA vote structure.

30 June 2018

Description	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R
CAPITAL EXPENDITURE PER FUNCTION										
Executive and Council	1 465 000	(1 465 000)	-	1 253 453	1 253 453	1 181 549	-	(71 904)	94.26	80.65
Finance and Administration	24 605 500	(18 603 784)	6 001 716	4 624 167	10 625 883	7 358 811	-	(3 267 072)	69.25	29.91
Internal Audit	20 000	(20 000)	-	32 072	32 072	32 073	1	1	100.00	160.36
Community and Social Services	7 013 500	(3 123 791)	3 889 709	(3 715 649)	174 060	174 060	-	-	100.00	2.48
Public Safety	4 478 000	(4 468 500)	9 500	-	9 500	9 500	-	-	100.00	0.21
Sport and Recreation	13 578 000	(7 732 321)	5 845 679	(1 394 769)	4 450 910	8 901 819	4 450 909	4 450 909	200.00	65.56
Housing	-	-	-	7 994	7 994	7 994	0	0	100.00	0.00
Planning and Development	7 025 000	(6 225 000)	800 000	(693 382)	106 618	106 619	1	1	100.00	1.52
Road Transport	48 310 470	(12 740 595)	35 569 875	(1 495 102)	34 074 773	47 637 967	13 563 194	13 563 194	139.80	98.61
Energy Sources	30 734 700	(9 943 240)	20 791 460	(928 291)	19 863 169	2 298 995	-	(17 564 174)	11.57	7.48
Waste Management	12 271 000	(2 710 853)	9 560 147	(769 310)	8 790 837	6 580 512	-	(2 210 325)	74.86	53.63
Waste Water Management	6 275 000	(2 274 997)	4 000 003	-	4 000 003	-	-	(4 000 003)	0.00	0.00
Water Management	328 871 000	(6 110 053)	322 760 947	3 613 756	326 374 703	542 243 820	215 869 117	215 869 117	166.14	164.88
Other	1 500 000	(1 500 000)	-	25 981	25 981	25 981	-	-	100.00	1.73
Total Capital Expenditure	486 147 170	(76 918 134)	409 229 036	560 920	409 789 956	616 559 700	233 883 222	206 769 744	150.46	126.83

Capital Expenditure per Function: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items for Capital Expenditure per Function are explained below:

Finance and Administration:

Savings realised on capital items budgeted for and not procured.

Public Safety:

Savings realised on capital items budgeted for and not procured.

Roads and Transport:

Over-expenditure is due to the take-on of WIP from Venus system to Solar system for 2017/2018.

Electricity:

Projects not finalised - Budget rolled over to 2018/19 for completion in the next financial year. Electrification of villages under operational budget.

Water:

Projects not finalised - Budget rolled over to 2018/19 for completion in the next financial year.

Waste Water Management:

Projects not finalised - Budget rolled over to 2018/19 for completion in the next financial year.

Waste Management:

Over-expenditure is due to the take-on of WIP from Venus system to Solar system for 2017/2018.

30 June 2018

Description	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R
CASH FLOW										
Cash Flows from/(used in) Operating Activities										
Property Rates	73 200 641	-	73 200 641	-	73 200 641	48 919 917		(24 280 724)	66.83	66.83
Transfers and Subsidies	752 817 881	-	752 817 881	-	752 817 881	1 028 423 988		275 606 107	136.61	136.61
Service Charges	354 001 165	-	354 001 165	-	354 001 165	252 289 940		(101 711 225)	71.27	71.27
External Interest and Dividends Received	42 166 467	-	42 166 467	-	42 166 467	16 287 548		(25 878 919)	38.63	38.63
Other Receipts	21 791 100	-	21 791 100	-	21 791 100	47 475 789		25 684 689	217.87	217.87
VAT Receivable / Payable	-	-	-	-	-	22 270 837		22 270 837	0.00	0.00
Employee Related Costs	-	-	-	-	-	(269 002 813)		(269 002 813)	0.00	0.00
Remuneration of Councillors	-	-	-	-	-	(10 025 765)		(10 025 765)	0.00	0.00
External Interest and Dividends Paid	-	-	-	-	-	(2 839 949)		(2 839 949)	0.00	0.00
Suppliers Paid	(854 933 272)	-	(854 933 272)	-	(854 933 272)	(963 736 160)		(108 802 888)	0.00	0.00
Other Payments	(30 131 082)	-	(30 131 082)	-	(30 131 082)	(1 784 087 692)		(1 753 956 610)	0.00	0.00
VAT Receivable / Payable	-	-	-	-	-	-		-	0.00	0.00
Cash Flows from/(used in) Investing Activities										
Purchase of Property, Plant and Equipment	(367 666 000)	-	(367 666 000)	-	(367 666 000)	(611 052 335)		(243 386 335)	0.00	0.00
Purchase of Intangible Assets	-	-	-	-	-	-		-	0.00	0.00
Proceeds on Disposal of Property, Plant and Equipment	8 753 100	-	8 753 100	-	8 753 100	13 900 216		5 147 116	158.80	158.80
Correction of Prior Year Errors	-	-	-	-	-	2 149 858 264		2 149 858 264	0.00	0.00
Decrease / (Increase) in Long-term Receivables	-	-	-	-	-	(15 698 138)		(15 698 138)	0.00	0.00
Cash and Cash Equivalents at End of the Year	-	-	-	-	-	(77 016 353)	-	(77 016 353)	0.00	0.00

Cash Flow: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Cash Flow Statement are explained below:

Property Rates:

Overbudget for Property Rates, due to poor collection rate.

Transfers and Subsidies:

Projects from 2016/17 roll-overs included.

Service Charges:

Overbudget for Service charges, due to poor collection rate.

External Interest and Dividends Received:

Overbudget in external interest, due to reduced investments.

Other Receipts:

Reclassification of amounts due to mSCOA vote structure.

VAT Receivable / Payable:

Output VAT increased due to SARS taking to long to audit and repay.

Employee Related Costs:

Reclassification of amounts due to mSCOA vote structure.

Remuneration of Councillors:

Reclassification of amounts due to mSCOA vote structure.

External Interest and Dividends Paid:

Reclassification of amounts due to mSCOA vote structure.

Suppliers Paid:

NT Budget Template not aligned to GRAP requirements - Councillor Remuneration included in Suppliers Paid below.

Other Payments:

Reclassification of amounts due to mSCOA vote structure.

Purchase of Property, Plant and Equipment:

Reclassification of amounts due to mSCOA vote structure.

Proceeds on Disposal of Property, Plant and Equipment:

Reclassification of amounts due to mSCOA vote structure.

Decrease / (Increase) in Long-term Receivables:

Reclassification of amounts due to mSCOA vote structure.

Cash and Cash Equivalents at End of the Year:

All above-mentioned items are reflecting in Cash and Cash Equivalents at End of the Year.

Description	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R
FINANCIAL POSITION										
Current Assets										
Inventories	13 027 590	(3 861 315)	9 166 275	-	9 166 275	9 125 109	-	(41 166)	99.55	70.04
Receivables from Exchange Transactions	193 434 999	(99 276 661)	94 158 338	-	94 158 338	111 134 156	-	16 975 819	118.03	57.45
Receivables from Non-exchange Transactions	103 776 721	(13 335 650)	90 441 071	-	90 441 071	49 446 151	-	(40 994 920)	54.67	47.65
VAT Receivable	-	-	-	-	-	113 601 455	-	113 601 455	0.00	0.00
Cash and Cash Equivalents	622 666 098	(97 223 454)	525 442 644	-	525 442 644	219 255 882	-	(306 186 762)	41.73	35.21
Operating Lease Receivables	-	-	-	-	-	86 051	-	86 051	0.00	0.00
Current Portion of Long-term Receivables	3 921 839	(1 617 245)	2 304 594	-	2 304 594	6 153 876	-	3 849 283	267.03	156.91
Non-Current Assets										
Property, Plant and Equipment	2 432 434 565	(363 407 279)	2 069 027 286	-	2 069 027 286	6 268 489 354	-	4 199 462 068	302.97	257.70
Intangible Assets	2 977 206	-	2 977 206	-	2 977 206	1 985 093	-	(992 113)	66.68	66.68
Investment Property	2 733 845	(87 884)	2 645 961	-	2 645 961	35 359 425	-	32 713 465	1 336.35	1 293.40
Heritage Assets	-	-	-	-	-	5 736 342	-	5 736 342	0.00	0.00
Long-term Receivables	595 867	(375 905)	219 962	-	219 962	1 453 315	-	1 233 353	660.71	243.90
Total Assets	3 375 568 730	(579 185 394)	2 796 383 337	-	2 796 383 337	6 821 826 210	-	4 025 442 873	243.95	202.09
Current Liabilities										
Consumer Deposits	20 195 328	91 165	20 286 493	-	20 286 493	22 267 558	-	1 981 065	109.77	110.26
Provisions	3 896 266	335 741	4 232 007	-	4 232 007	3 156 685	-	(1 075 322)	74.59	81.02
Payables from Exchange Transactions	164 155 378	179 276 767	343 432 145	-	343 432 145	286 414 265	-	(57 017 880)	83.40	174.48
Unspent Conditional Grants and Receipts	-	-	-	-	-	19 770 885	-	19 770 885	0.00	0.00
Bank Overdraft	-	-	-	-	-	-	-	-	0.00	0.00
Current Portion of Long-term Liabilities	-	-	-	-	-	-	-	-	0.00	0.00
Non-Current Liabilities										
Employee Benefit Liabilities	90 623 745	(2 834 590)	87 789 155	-	87 789 155	77 758 782	-	(10 030 373)	88.57	85.80
Non-current Provisions	-	-	-	-	-	35 240 798	-	35 240 798	0.00	0.00
Total Liabilities	278 870 717	176 869 083	455 739 800	-	455 739 800	444 608 973	-	(11 130 827)	97.56	159.43
Total Assets and Liabilities	3 096 698 013	(756 054 477)	2 340 643 536	-	2 340 643 536	6 377 217 237	-	4 036 573 700	272.46	205.94
Net Assets (Equity)										
Reserves	-	-	-	-	-	2 486 438 923	-	2 486 438 923	0.00	0.00
Accumulated Surplus / (Deficit)	3 096 698 013	(756 054 477)	2 340 643 536	-	2 340 643 536	3 890 778 314	-	1 550 134 777	166.23	125.64
Total Net Assets	3 096 698 013	(756 054 477)	2 340 643 536	-	2 340 643 536	6 377 217 237	-	4 036 573 700	272.46	205.94

Financial Position: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

Receivables from Exchange Transactions:

The budget amount anticipated improvement on the payments of outstanding debtors but did not realised.

Receivables from Non-exchange Transactions:

This amount relates to mSCOA expenditure on the FMG allocation that will be finalised during 2017/18 financial year and was budgeted for under Grants and Subsidies Paid during 2016/17 financial year.

VAT Receivable:

Budgeted for under Other Income as VAT Income.

Cash and Cash Equivalents:

The budget amount anticipated was over budgeted to improve the financial position of the Council.

Operating Lease Reveivables:

NT Budget Template not aligned to GRAP and does not provide for Operating Lease Receivables.

Current Portion of Long-term Receivables:

Budgeted for under Long-term Portion of Long-term Receivables.

Property, Plant and Equipment:

Capital expenditure budgeted for, not realised.

Intangible Assets:

It was under-budgeted for Intangible Assets.

Investment Property:

Did not budget for Intangible Assets.

Heritage Assets:

NT Budget Template not aligned to GRAP and does not provide for Heritage Assets.

Long-term Receivables:

Current Portion of Long-term Receivables budgeted for under Long-term Receivables. Therefore over budgeted for.

Provisions:

Increase in the current portions of PEMA and LSA valuation reports

Payables from Exchange Transactions:

The variance is due to cash flow problems experienced during the financial year.

Unspent Conditional Grants and Receipts:

Budgeted for under Payables from exchange Transactions as the budget returns does not make provision for a separate line item for unspent grants.

Retirement Benefit Liabilities:

Under budgeted for Employee Benefit Liabilities due to a cap amount incorrectly applied to retired employees that influence the valuation.

Non-current Provisions:

It was under-budgeted for Provision for Rehabilitation of Landfill Sites, which were restated during the current financial year.

Reserves:

{Give short explanation of the main reason(s) for deviation here}

Accumulated Surplus / (Deficit):

Combination of reasons stated above

Description	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R
FINANCIAL PERFORMANCE										
Revenue from Non-exchange Transactions										
Property Rates	60 460 811	-	60 460 811	-	60 460 811	59 618 321	-	(842 490)	98.61	98.61
Fines, Penalties and Forfeits	5 973 451	-	5 973 451	-	5 973 451	2 200 982	-	(3 772 469)	36.85	36.85
Licences and Permits	1 652 955	-	1 652 955	-	1 652 955	1 457 167	-	(195 788)	88.16	88.16
Transfers and Subsidies	699 264 892	-	699 264 892	-	699 264 892	696 186 307	-	(3 078 585)	99.56	99.56
Revenue from Exchange Transactions										
Licences and Permits	6 802 244	-	6 802 244	-	6 802 244	7 141 451	-	339 207	104.99	104.99
Service Charges	281 129 933	-	281 129 933	-	281 129 933	246 544 386	-	(34 585 547)	87.70	87.70
Sales of Goods and Rendering of Services	389 962	-	389 962	-	389 962	(225 353)	-	(615 315)	0.00	0.00
Rental from Fixed Assets	1 227 238	-	1 227 238	-	1 227 238	(10 036 369)	-	(11 263 607)	0.00	0.00
Interest, Dividends and Rent on Land Earned	36 624 671	-	36 624 671	-	36 624 671	41 800 957	-	5 176 286	114.13	114.13
Operational Revenue	3 052 823	-	3 052 823	-	3 052 823	18 081 697	-	15 028 874	592.29	592.29
Gains on Disposal of Property, Plant and Equipment	27 100 000	-	27 100 000	-	27 100 000	11 096 192	-	(16 003 808)	40.95	40.95
Total Revenue	1 123 678 980	-	1 123 678 980	-	1 123 678 980	1 073 865 739	-	(49 813 241)	95.57	95.57
Expenditure										
Employee Related Costs	276 162 740	-	276 162 740	-	276 162 740	212 449 004	-	(63 713 736)	76.93	76.93
Remuneration of Councillors	19 561 536	-	19 561 536	-	19 561 536	18 225 312	-	(1 336 224)	93.17	93.17
Depreciation and Amortisation	61 869 969	-	61 869 969	-	61 869 969	341 552 658	279 682 689	279 682 689	552.05	552.05
Impairment Losses	44 000 000	-	44 000 000	-	44 000 000	37 233 035	-	(6 766 965)	84.62	84.62
Interest, Dividends and Rent on Land	-	-	-	-	-	2 868 974	2 868 974	2 868 974	0.00	0.00
Bulk Purchases	169 492 613	-	169 492 613	-	169 492 613	184 644 715	15 152 102	15 152 102	108.94	108.94
Contracted Services	292 120 262	-	292 120 262	-	292 120 262	282 872 560	-	(9 247 702)	96.83	96.83
Inventory Consumed	29 819 411	-	29 819 411	-	29 819 411	26 899 949	-	(2 919 462)	90.21	90.21
Transfers and Subsidies Paid	2 049 158	-	2 049 158	-	2 049 158	221 337	-	(1 827 821)	10.80	10.80
Operating Leases	1 848 262	-	1 848 262	-	1 848 262	10 687 164	8 838 902	8 838 902	578.23	578.23
Operational Costs	51 364 183	-	51 364 183	-	51 364 183	39 326 400	-	(12 037 783)	76.56	76.56
Surplus/(Deficit for the Year)	175 390 846	-	175 390 846	-	175 390 846	(83 115 369)	(306 542 667)	(258 506 215)	-	-

Financial Performance: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below:

Property Rates:

{Give short explanation of the main reason(s) for deviation here}

Fines, Penalties and Forfeits:

It was under-budgeted for Fines.

Service Charges:

{Give short explanation of the main reason(s) for deviation here}

Sales of Goods and Rendering of Services:

{Give short explanation of the main reason(s) for deviation here}

Rental from Fixed Assets:

{Give short explanation of the main reason(s) for deviation here}

Interest, Dividends and Rent on Land Earned:

Over budgeted for. Some rental contracts have been ended.

Operational Revenue:

Other income were too optimistically budgeted for and include the Income on Support and Shared services to Local Municipalities which did not realised.

Gains on Disposal of Property, Plant and Equipment:

Gains on disposal of PPE was over budgeted for.

Employee Related Costs:

Employee Related Cost have been under budgeted for as vacant positions would have not be filled. Actuarial Gains was disclosed as revenue and not expenditure which increased the actual amount.

Depreciation and Amortisation:

Depreciation and Amortisation increased beyond budgetary expectations because of the review of remaining useful lives of assets.

Impairment Losses:

It was under-budgeted for Impairment Losses on Receivables.

Interest, Dividends and Rent on Land:

Over budgeted for due to the finance lease of vehicles that did not materialised

Transfers and Subsidies Paid:

Spending on the RRAMS grant did not materialised during the year due to challenges experienced with supply chain processes. Grants and Subsidies Paid were disclosed under other expenditure line items according to GRAP 104.

Operating Leases:

{Give short explanation of the main reason(s) for deviation here}

Operational Costs:

It was overbudgeted for General Expenses.

Description	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R
CAPITAL EXPENDITURE PER FUNCTION										
Executive and Council	231 000	(91 000)	140 000	(140 000)	-	-	-	-	0.00	0.00
Finance and Administration	14 399 000	9 424 678	23 823 678	(624 205)	23 199 473	13 386 365	-	(9 813 108)	57.70	92.97
Community and Social Services	3 251 000	1 667 000	4 918 000	(2 585 113)	2 332 887	943 723	-	(1 389 164)	40.45	29.03
Public Safety	800 000	(202 954)	597 046	(307 129)	289 917	246 217	-	(43 701)	84.93	30.78
Sport and Recreation	27 334 000	3 044 298	30 378 298	(3 101 609)	27 276 689	26 466 327	-	(810 362)	97.03	96.83
Environmental Protection	20 000	(10 000)	10 000	-	10 000	-	-	(10 000)	0.00	0.00
Planning and Development	90 000	(83 500)	6 500	2	6 502	26 073	19 571	19 571	401.00	28.97
Road Transport	52 938 000	(155 738)	52 782 262	(19 559 441)	33 222 821	50 520 533	17 297 712	17 297 712	152.07	95.43
Energy Sources	31 312 500	19 142 735	50 455 235	(4 438 499)	46 016 736	10 299 751	-	(35 716 985)	22.38	32.89
Waste Management	9 599 000	3 826 000	13 425 000	(8 694 043)	4 730 957	3 379 082	-	(1 351 875)	71.42	35.20
Waste Water Management	24 305 000	71 953 271	96 258 271	(896 191)	95 362 080	91 189 764	-	(4 172 316)	95.62	375.19
Water Management	244 056 000	(2 390 388)	241 665 612	13 972 431	255 638 043	253 816 664	-	(1 821 379)	99.29	104.00
Other	66 000	(66 000)	-	-	-	-	-	-	0.00	0.00
Total Capital Expenditure	408 401 500	106 058 402	514 459 902	(26 373 797)	488 086 105	450 274 499	17 317 283	(37 811 606)	92.25	110.25

Capital Expenditure per Function: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items for Capital Expenditure per Function are explained below:

Finance and Administration:

Savings realised on capital items budgeted for and not procured.

Community and Social Services:

Savings realised on capital items budgeted for and not procured.

Sport and Recreation:

Projects not finalised - Budget rolled over to 2015/16 for completion in the next financial year.

Public Safety:

Savings realised on capital items budgeted for and not procured.

Planning and Development:

budgeted for by ZFM.

Roads and Transport:

Projects not finalised - Budget rolled over to 2015/16 for completion in the next financial year.

Environmental Protection:

Savings realised on capital items budgeted for and not procured.

Electricity:

Projects not finalised - Budget rolled over to 2015/16 for completion in the next financial year.

Water:

Projects not finalised - Budget rolled over to 2015/16 for completion in the next financial year.

Waste Water Management:

Projects not finalised - Budget rolled over to 2014/15 for completion in the next financial year.

Waste Management:

Projects not finalised - Budget rolled over to 2014/15 for completion in the next financial year.

30 June 2017

Description	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R
CASH FLOW										
Cash Flows from/(used in) Operating Activities										
Property Rates	50 971 705	11 796 007	62 767 712	-	62 767 712	46 929 899	-	(15 837 813)	74.77	92.07
Transfers and Subsidies	682 938 850	1 268 169	684 207 019	-	684 207 019	663 811 752	-	(20 395 267)	97.02	97.20
Service Charges	291 571 997	61 482 003	353 054 000	-	353 054 000	199 200 399	-	(153 853 601)	56.42	68.32
External Interest and Dividends Received	36 024 671	600 000	36 624 671	-	36 624 671	31 114 322	-	(5 510 349)	84.95	86.37
Other Receipts	19 291 495	2 431 000	21 722 495	-	21 722 495	20 761 871	-	(960 624)	95.58	107.62
VAT Receivable / Payable	-	-	-	-	-	-	-	-	0.00	0.00
Employee Related Costs	-	-	-	-	-	(211 221 644)	-	(211 221 644)	0.00	0.00
Remuneration of Councillors	-	-	-	-	-	(18 225 312)	-	(18 225 312)	0.00	0.00
External Interest and Dividends Paid	-	-	-	-	-	(2 868 974)	-	(2 868 974)	0.00	0.00
Suppliers Paid	(704 074 490)	(133 666 766)	(837 741 256)	-	(837 741 256)	(488 625 410)	-	349 115 846	0.00	0.00
Other Payments	(29 414 754)	(3 094 078)	(32 508 832)	-	(32 508 832)	(49 560 750)	-	(17 051 918)	0.00	0.00
VAT Receivable / Payable	-	-	-	-	-	(70 683 638)	-	(70 683 638)	0.00	0.00
Cash Flows from/(used in) Investing Activities										
Purchase of Property, Plant and Equipment	(408 401 500)	(106 058 402)	(514 459 902)	-	(514 459 902)	(449 597 395)	-	64 862 507	0.00	0.00
Purchase of Intangible Assets	-	-	-	-	-	(677 104)	-	(677 104)	0.00	0.00
Proceeds on Disposal of Property, Plant and Equipment	-	-	-	-	-	23 068 192	-	23 068 192	0.00	0.00
Profit on Sale of Land	27 100 000	-	27 100 000	-	27 100 000	-	-	(27 100 000)	0.00	0.00
Decrease / (Increase) in Long-term Receivables	-	-	-	-	-	(1 137 365)	-	(1 137 365)	0.00	0.00
Cash and Cash Equivalents at End of the Year	(33 992 026)	(165 242 067)	(199 234 093)	-	(199 234 093)	(307 711 158)	-	(108 477 065)	0.00	0.00

Cash Flow: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Cash Flow Statement are explained below:

Property Rates:

Overbudget for Property Rates, due to poor collection rate.

Service Charges:

Budget not aligned to GRAP requirements - Public Donations included in Grants above.

External Interest and Dividends Received:

Overbudget for Service Charges, due to poor collection rate.

Employee Related Costs:

The interest rate hikes was favourable for investors and invested at shortest possible time after Equitable funds became available. Therefore the higher returns on the call deposits made during the year.

Remuneration of Councillors:

Other income were too optimistically budgeted for and include the Income on Support and Shared services to Local Municipalities which did not realised.

External Interest and Dividends Paid:

Over budgeted for as Remuneration of Councillors, Suppliers paid and Other payments were budgeted for under Employee Related Cost.

Suppliers Paid:

NT Budget Template not aligned to GRAP requirements - Councillor Remuneration included in Suppliers Paid below.

Other Payments:

It was not budgeted for Interest and Penalties on late payments made.

VAT Receivable / Payable:

NT Budget Template not aligned to GRAP requirements - Employee Costs and Councillor Remuneration above included in Suppliers Paid.

Purchase of Property, Plant and Equipment:

It was not budgeted for the effect of changes in outstanding payables.

Purchase of Intangible Assets:

Purchase of Property, Plant and Equipment from roll overs from 2014/15 increased the actual outcome.

Proceeds on Disposal of Property, Plant and Equipment:

The auctions and SCM processes did not deliver the desired returns as anticipated with the disposal of assets.

Profit on Sale of Land:

Land sales exceeded budgetary expectations.

Decrease / (Increase) in Long-term Receivables:

It was not budgeted for the change in Long-term Receivables.

Cash and Cash Equivalents at End of the Year:

The effect of not budgeting for Purchase of Property, Plant and Equipment is reflecting in Cash and Cash Equivalents at End of the Year.

RECONCILIATION OF BUDGET SURPLUS/(DEFICIT) WITH THE SURPLUS/(DEFICIT) IN THE STATEMENT OF FINANCIAL PERFORMANCE:

Description	2017/18		2016/17
	R		R
Net surplus/(deficit) per the statement of financial performance	360 044 309		(83 115 369)
Revenue from Non-exchange Transactions			
Property Rates	(62 320 782)		842 490
Fines, Penalties and Forfeits	(28 022 973)		3 772 469
Licences and Permits	(34 605)		195 788
Transfers and Subsidies	(935 376 910)		3 078 585
Interest, Dividends and Rent on Land Earned	(7 891 755)		-
Revenue from Exchange Transactions			
Licences and Permits	(10 817 707)		(339 207)
Service Charges	(297 377 950)		34 585 547
Sales of Goods and Rendering of Services	6 034 806		615 315
Rental from Fixed Assets	(7 948 224)		11 263 607
Interest, Dividends and Rent on Land Earned	(48 050 180)		(5 176 286)
Operational Revenue	(303 554)		(15 028 874)
Gains on Disposal of Property, Plant and Equipment	(8 492 990)		16 003 808
Expenditure			
Employee Related Costs	330 661 197		(63 713 736)
Remuneration of Councillors	(44 202)		(1 336 224)
Depreciation and Amortisation	135 477 764		279 682 689
Impairment Losses	99 353 649		(6 766 965)
Finance Costs	2 839 949		2 868 974
Bulk Purchases	229 204 085		15 152 102
Contracted Services	102 776 614		(9 247 702)
Inventory Consumed	2 811 595		(2 919 462)
Grants and Subsidies Paid	1 528 708		(1 827 821)
Operating Leases	1 058 824		8 838 902
Operational Costs	46 000 664		(12 037 783)
Net surplus/deficit per approved budget	(88 889 667)		175 390 846

MOGALAKWENA MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an Accrual Basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and in accordance with the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

The municipality implemented the Municipal Standard Chart of Accounts (mSCOA) during the year ended 30 June 2018 as required in terms of the Municipal Regulations on Standard Chart of Accounts, announced by Government Gazette No 37577 of 22 April 2014, in section 168 of the Local Government: Municipal Finance Management Act (Act 56 of 2003) and through directives and guidelines from National Treasury.

1.1 Presentation Currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

1.2 Changes in Accounting Policy and Comparability

Accounting Policies have been consistently applied, except where otherwise indicated below.

For the years ended 30 June 2017 and 30 June 2018 the municipality has adopted the accounting framework as set out in paragraph 1 above. The details of any resulting changes in Accounting Policy and comparative restatements are set out below and in the relevant Notes to the Annual Financial Statements.

With the adoption of mSCOA the municipality reclassified certain balances in order to comply with the instruction notes issued. The result of the reclassification is set out below and in the relevant Notes to the Annual Financial Statements.

1.3 Critical Judgements, Estimations and Assumptions

In the application of the municipality's Accounting Policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1.3.1 Revenue Recognition

Accounting Policy 10.2 on Revenue from Exchange Transactions and Accounting Policy 10.3 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (*Revenue from Exchange Transactions*) and GRAP 23 (*Revenue from Non-exchange Transactions*). As far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

- **Estimation of Meter Readings:**
Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

1.3.2 Impairment of Financial Assets

Accounting Policy 8.4 on Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Financial Assets recorded during the year is appropriate.

- **Impairment of Trade Receivables:**
The calculation in respect of the impairment of Debtors is based on an assessment of the extent to which Debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This is performed per service-identifiable categories across all classes of debtors.

1.3.3 Useful lives of Property, Plant and Equipment, Intangible Assets and Investment Property

As described in Accounting Policies 3.3, 5.2 and 6.2, the municipality depreciates its Property, Plant & Equipment and Investment Property, and amortises its Intangible Assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

1.3.4 Impairment: Write-down of Property, Plant & Equipment, Heritage Assets, Intangible Assets, Investment Property and Inventories

Accounting Policy 7 on Impairment of Assets, Accounting Policy 4.2 on Heritage Assets – Subsequent Measurement, Accounting Policy 5.2 on Intangible Assets – Subsequent Measurement, Amortisation and Impairment, Accounting Policy 6.2 on Investment Property – Subsequent Measurement and Accounting Policy 9.2 on Inventories - Subsequent Measurement describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment and impairment testing of Intangible Assets.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses. In particular, the calculation of the recoverable service amount for PPE and Intangible Assets and the Net Realisable Value for Inventories involves significant judgment by management.

Estimated impairments during the year to Inventory, Property, Plant and Equipment, Intangible Assets, Investment Property and Heritage Assets, are disclosed in Notes 2, 9, 10, 11 and 12 to the Annual Financial Statements, if applicable.

1.3.5 Water Inventory

The estimation of the Water Inventory in reservoirs is based on the measurement of water via electronic level sensors, which determines the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the reservoir. Furthermore, the length and width of all pipes are also taken into account in determining the volume of water on hand at year-end. Refer to Accounting Policy 9.2..

1.3.6 Defined Benefit Plan Liabilities

As described in Accounting Policy 12.2, Employee Benefits – Post-employment Benefits, the municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant Notes to the Annual Financial Statements.

1.3.7 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring Provisions and when measuring Contingent Liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

1.3.8 Budget Information

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the relevant Notes to the Annual Financial Statements.

1.4 Going Concern Assumption

The Annual Financial Statements have been prepared on a *Going Concern Assumption*.

1.5 Standards, Amendments to Standards and Interpretations issued but not yet Effective

The following GRAP Standards have been issued but are not yet effective and have not been early adopted by the municipality:

- GRAP 18 Segment Reporting
- GRAP 32 Service Concession Arrangement Grantor
- GRAP 108 Statutory Receivables
- GRAP 109 Accounting by Principals and Agents
- IGRAP 17 Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset

The municipality applied the principles established in the following Standards of GRAP that have been issued but are not yet effective, in developing appropriate disclosure:

- GRAP 20 Related Party Disclosures

Management has considered all of the above-mentioned GRAP Standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality, except for:

- GRAP 108 Statutory Receivables:-
It is expected that the Standard will affect the valuation of Receivables from Non-Exchange Transactions, but the extent cannot be determined at this stage.
- GRAP 109 Accounting by Principals and Agents:-
The effect of this Standard on accounting for transactions between the municipality, another function of government or private sector and third parties, can only be determined once it becomes effective.

2. NET ASSETS

Included in the Net Assets of the municipality are the following Reserves that are maintained in terms of specific requirements:

2.1 Reserves

2.1.1 Capital Replacement Reserve (CRR)

In order to finance the provision of Infrastructure and other items of Property, Plant and Equipment from internal sources, amounts are transferred from the Accumulated Surplus/(Deficit) to the CRR in terms of delegated powers.

The following provisions are set for the creation and utilisation of the CRR:

- The cash funds that back up the CRR are invested until utilised. The cash may only be invested in accordance with the Investment Policy of the municipality.
- The CRR may only be utilised for the purpose of purchasing items of Property, Plant and Equipment and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the Accumulated Surplus/(Deficit) is credited by a corresponding amount.
- If a profit is made on the sale of assets other than land, the profit on these assets is reflected in Surplus or Deficit and is then transferred, via the Statement of Changes in Net Assets, to the CRR, provided that it is cash backed. Profit on the sale of land is not transferred to the CRR as it is regarded as revenue.

2.1.2 Capitalisation Reserve

On the implementation of GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of Property, Plant and Equipment were transferred to a Capitalisation Reserve rather than the Accumulated Surplus/(Deficit) in terms of a directive (Circular No 18) issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of Property, Plant and Equipment are offset by transfers from this Reserve to the Accumulated Surplus/(Deficit).

The balance on the Capitalisation Reserve equals the carrying value of the items of Property, Plant and Equipment financed from the former legislated funds. When items of Property, Plant and Equipment are depreciated, a transfer is made from the Capitalisation Reserve to the Accumulated Surplus/(Deficit).

When an item of Property, Plant and Equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the Accumulated Surplus/(Deficit).

2.1.3 Donations and Public Contributions Reserve

When items of Property, Plant and Equipment are financed from public contributions and donations, a transfer is made from the Accumulated Surplus/(Deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in Surplus or Deficit in accordance with a directive (Circular No 18) issued by National Treasury. When such items of Property, Plant and Equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the Accumulated Surplus/(Deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of Property, Plant and Equipment financed from donations and public contributions.

When an item of Property, Plant and Equipment financed from donations and public contributions is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the Accumulated Surplus/(Deficit).

2.1.4 Government Grants Reserve

When items of Property, Plant and Equipment are financed from government grants, a transfer is made from the Accumulated Surplus/(Deficit) to the Government Grants Reserve equal to the government grants recorded as revenue in Surplus or Deficit in accordance with a directive (Circular No 18) issued by National Treasury. When such items of Property, Plant and Equipment are depreciated, a transfer is made from the Government Grants Reserve to the Accumulated Surplus/(Deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of Property, Plant and Equipment financed from government grants.

When an item of Property, Plant and Equipment financed from government grants is disposed, the balance in the Government Grants Reserve relating to such item is transferred to the Accumulated Surplus/(Deficit).

2.2 Accumulated Surplus

The net results of the operating activities of the municipality (surplus or deficit) are transferred annually to the Accumulated Surplus Account.

3. PROPERTY, PLANT AND EQUIPMENT

3.1 Initial Recognition

Property, Plant and Equipment are initially recognised at cost.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

3.2 Subsequent Measurement

Subsequently all Property Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

3.3 Depreciation

Depreciation on assets other than land is calculated on cost, using the *Straight-line Method*, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. Each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation rates are based on the following estimated useful lives:

	Asset Class	Years		Asset Class	Years
	Buildings			Community	
	Improvements	5 - 60		Community Facilities	5 - 60
				Recreational Facilities	10 - 50
	Infrastructure			Other	
	Electricity	10 - 60		Computer Equipment	5 - 10
	Railways	30		Emergency Equipment	5 - 10
	Roads and Paving	5 - 80		Furniture and Fittings	5 - 15
	Sanitation	10 - 60		Motor Vehicles	7 - 15
	Sewerage / Solid Waste	5 - 80		Office Equipment	5 - 10
	Water	5 - 100		Plant and Equipment	2 - 15
				Specialist Vehicles	10 - 15
				Other Assets	5 - 20

3.4 Land

Land is stated at historical cost and is not depreciated as it is deemed to have an indefinite useful life.

3.5 Incomplete Construction Work

Incomplete Construction Work is stated at historical cost. Depreciation only commences when the asset is available for use.

3.6 Derecognition

The gain or loss arising from the derecognition of an item of Property, Plant and Equipment is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

4. HERITAGE ASSETS

Heritage Assets are not depreciated owing to uncertainty regarding to their estimated useful lives. The municipality assess at each reporting date if there is an indication of impairment.

4.1 Initial Recognition

Heritage Assets are initially recognised at cost.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

4.2 Subsequent Measurement

Subsequently all Heritage Assets are measured at cost, less accumulated impairment losses.

4.3 Derecognition

The gain or loss arising from the derecognition of an item of Heritage Assets is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

5. INTANGIBLE ASSETS

5.1 Initial Recognition

Identifiable non-monetary assets without physical substance are classified and recognised as Intangible Assets.

Intangible Assets are initially recognised at cost.

Where an Intangible Asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an Intangible Asset acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

5.2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, Intangible Assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is charged on a *Straight-line Method* over the Intangible Assets' useful lives. The residual value of Intangible Assets with finite useful lives is zero, unless an active market exists. Where Intangible Assets are deemed to have indefinite useful lives, such Intangible Assets are not amortised. However, such Intangible Assets are subject to an annual impairment test.

The amortisation rates are based on the following estimated useful lives:

	Asset Class	Years		Asset Class	Years
	Computer Software Purchased	5			

5.3 Derecognition

The gain or loss arising from the derecognition of an item of Intangible Asset is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

6. INVESTMENT PROPERTY

6.1 Initial Recognition

At initial recognition, the municipality measures Investment Property at cost. However, where an Investment Property was acquired through a non-exchange transaction (i.e. where it acquired the Investment Property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

6.2 Subsequent Measurement

Investment Property is measured using the *Cost Model* and is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the *Straight-line Method* over the useful life of the property, which is estimated at 5 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an Investment Property is recognised in Surplus or Deficit.

6.3 Derecognition

The gain or loss arising from the derecognition of an item of Investment Property is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

7. IMPAIRMENT OF ASSETS

The municipality classifies all assets held with the primary objective of generating a commercial return as *Cash Generating Assets*. All other assets are classified as *Non-cash Generating Assets*.

7.1 Impairment of Cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

7.2 Impairment of Non-cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined.

The recoverable service amount of a non-cash generating asset is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

8. FINANCIAL INSTRUMENTS

The municipality has various types of Financial Instruments and these can be broadly categorised as *Financial Assets*, *Financial Liabilities* or *Residual Interests* in accordance with the substance of the contractual agreement.

Initial Recognition

Financial Assets and Financial Liabilities are recognised when it becomes party to the contractual provisions of the instrument.

The municipality does not offset a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Fair Value Methods and Assumptions

The fair values of Financial Instruments are determined as follows:

- The fair values of quoted investments are based on current bid prices.
- If the market for a Financial Asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

8.1 Financial Assets – Classification

The municipality has the following types of Financial Assets:

Type of Financial Asset	Classification in terms of GRAP 104
Long-term Receivables	Financial Assets at Amortised Cost
Receivables from Exchange Transactions	Financial Assets at Amortised Cost
Receivables from Non-exchange Transactions	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Notice Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Call Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Bank	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Cash	Financial Assets at Fair Value
Current Portion of Long-term Receivables	Financial Assets at Amortised Cost

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprise cash-on-hand and deposits held on call with banks, net of bank overdrafts.

8.2 Financial Liabilities – Classification

The municipality has the following types of Financial Liabilities:

Type of Financial Liability	Classification in terms of GRAP 104
Payables from Exchange Transactions	Financial Liabilities at Amortised Cost
Payables from Non-exchange Transactions	Financial Liabilities at Amortised Cost

Trade and Other Receivables (excluding Value Added Taxation, Prepayments and Operating Lease receivables), Loans to Municipal Entities and Loans that have fixed and determinable payments that are not quoted in an active market are classified as *Financial Assets at Amortised Cost*.

8.3 Initial and Subsequent Measurement

8.3.1 Financial Assets:

Financial Assets measured at Amortised Cost

Financial Assets at Amortised Cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at amortised cost using the *Effective Interest Method* less any impairment, with interest recognised on an *Effective Yield Basis*.

Financial Assets measured at Cost

Financial Assets at Cost are initially measured at the transaction amount and transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at cost less any impairment.

Financial Assets measured at Fair Value

Financial Assets at Fair Value are initially measured at fair value, excluding directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in Surplus or Deficit.

8.3.2 Financial Liabilities:

Financial Liabilities measured at Fair Value

Financial Liabilities at Fair Value are stated at fair value, with any resulted gain or loss recognised in Surplus or Deficit.

Financial Liabilities held at Amortised Cost

Any other Financial Liabilities are classified as *Other Financial Liabilities* (All Payables, Loans and Borrowings are classified as Other Liabilities) and are initially measured at fair value, net of transaction costs. Trade and Other Payables, Interest-bearing Debt including Finance Lease Liabilities, Non-interest-bearing Debt and Bank Borrowings are subsequently measured at amortised cost using the *Effective Interest Rate Method*. Interest expense is recognised in Surplus or Deficit by applying the effective interest rate.

Prepayments are carried at cost less any accumulated impairment losses.

8.4 Impairment of Financial Assets

Financial Assets, other than those at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial Assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised through the use of an allowance account.

8.4.1 Financial Assets at Amortised Cost

A provision for impairment of Accounts Receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the Financial Asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of Financial Assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

Government accounts are not provided for as such accounts are regarded as receivable for the following reasons:

- It is management's judgement that the accounts are not "lost events" in terms of GRAP 104.58.
- State Departments and Entities have to pay their creditors within 30 days in terms of the PFMA.
- Interest is charged on all outstanding balances at a rate of the banker's prime rate plus 1%.
- There is an urge from National Treasury that State Departments and Entities should start paying their outstanding debt.

The carrying amount of the Financial Asset is reduced by the impairment loss directly for all Financial Assets carried at Amortised Cost with the exception of Consumer Debtors, where the carrying amount is reduced through the use of an allowance account. When a Consumer Debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in Surplus or Deficit.

8.4.2 Financial Assets at Cost

If there is objective evidence that an impairment loss has been incurred on an investment in a Residual Interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the Financial Asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

8.5 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the Financial Asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non-recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred Financial Asset, the municipality continues to recognise the Financial Asset and also recognises a collateralised borrowing for the proceeds received.

8.6 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the Financial Liability (or part of a Financial Liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in Surplus or Deficit.

9. INVENTORIES

9.1 Initial Recognition

Inventories comprise current assets held-for-sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the Inventories to their current location and condition. Where Inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where Inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as Inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

9.2 Subsequent Measurement

9.2.1 Consumable Stores, Raw Materials, Work-in-Progress and Finished Goods

Inventories sold are valued at the lower of cost and net realisable value. The cost is determined using the *FIFO Method*.

Consumable stores, raw materials, work-in-progress, inventories distributed at no charge or for a nominal charge and finished goods are valued at the lower of cost and current replacement cost. The cost is determined using the *FIFO Method*.

9.2.2 Water Inventory

Water is regarded as Inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes, etc). However, water in dams, that are filled by natural resources and that has not yet been treated, that is under the control of the municipality but cannot be measured reliably as there is no cost attached to the water, is therefore not recognised in the Statement of Financial Position.

The basis of determining the cost of water purchased and not yet sold at reporting date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the Inventory to its present location and condition, net of trade discounts and rebates.

Water and purified effluent are valued by using the *FIFO Method*, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

9.2.3 Unsold Properties

Unsold properties are valued at the lower of cost and net realisable value on a *Weighted Average Method*. Direct costs are accumulated for each separately identifiable development. Cost also includes a portion of overhead costs, if this relates to development.

9.2.4 Other Arrangements

Redundant and slow-moving Inventories identified are written down from cost to current replacement cost, if applicable.

Inventories identified to be sold by public auction are written down from cost to net realisable value with regard to their estimated economic or realisable values. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Differences arising on the measurement of such Inventory at the lower of cost and current replacement cost or net realisable value, are recognised in Surplus or Deficit in the year in which they arise. The amount of any reversal of any write-down of Inventories arising from an increase in current replacement cost or net realisable value is recognised as a reduction in the amount of Inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of Inventories is recognised as an expense in the period that the Inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

10. REVENUE RECOGNITION

10.1 General

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

10.2 Revenue from Exchange Transactions

10.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

Service Charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to all properties that have improvements. Tariffs are determined per category of property usage, and are levied based on the extent of each property.

Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to all properties. Tariffs are determined per category of property usage, and are levied based on the extent of each property.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

10.2.2 Prepaid Electricity

Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale. Revenue from the sale of electricity prepaid meter cards are recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

10.2.3 Rentals Received

Revenue from the rental of facilities and equipment is recognised on a Straight-line Basis over the term of the lease agreement.

10.2.4 Interest Earned

Interest earned on investments is recognised in Surplus or Deficit on the *Time-proportionate Basis* that takes into account the effective yield on the investment.

10.2.5 Tariff Charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

10.2.6 Revenue from Agency Services

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified. The revenue recognised is in terms of the agency agreement.

10.2.7 Sale of Goods (including Houses)

Revenue from the sale of goods is recognised when all the following conditions have been met:

- (a) The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) The amount of revenue can be measured reliably;
- (d) It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

10.3 Revenue from Non-exchange Transactions

10.3.1 Rates and Taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a *Time-proportionate Basis* with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

10.3.2 Fines

Fines constitute both spot fines and summonses

Revenue for fines is recognised when the fine is issued at the full amount of the receivable. The municipality uses estimates to determine the amount of revenue that the municipality is entitled to collect that is subject to further legal proceedings.

10.3.3 Public Contributions

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

10.3.4 Government Grants and Receipts

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in Surplus or Deficit in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest, it is recognised as interest earned in Surplus or Deficit.

10.3.5 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

The recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognised as revenue when the recovery thereof from the responsible councillors or officials became virtually certain in a financial period subsequent to the period when the actual unauthorised, irregular, fruitless and wasteful expenditure was incurred.

11. PROVISIONS

The best estimate of the expenditure required to settle the present obligation is the amount that the municipality would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the municipality, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it – this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in Surplus or Deficit as a finance cost as it occurs.

11.1 Provision for Environmental Rehabilitation

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to Surplus or Deficit.

12. EMPLOYEE BENEFIT LIABILITIES

12.1 Short-term Employee Benefits

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

12.2 Post-employment Benefits

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post-employment plans.

12.2.1 Defined Contribution Plans

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in Surplus or Deficit in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

12.2.2 Defined Benefit Plans

Post-retirement Health Care Benefits

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. Not all Medical Aid Funds with which the municipality is associated, provide for continued membership.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the *Projected Unit Credit Method*, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

Past-service costs are recognised immediately in Surplus or Deficit.

Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The *Projected Unit Credit Method* is used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through Surplus or Deficit.

Provincially-administered Defined Benefit Plans

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

Defined Benefit Pension Plans

The municipality has an obligation to provide Post-retirement Pension Benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The municipality contributes monthly to the funds.

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the *Projected Unit Credit Method*. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

Past-service costs are recognised immediately in Surplus or Deficit.

13. LEASES

13.1 The Municipality as Lessee

13.1.1 Operating Leases

The municipality recognises operating lease rentals as an expense in Surplus or Deficit on a *Straight-line Basis* over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. Any lease incentives are included as part of the net consideration agreed.

13.2 The Municipality as Lessor

Amounts due from lessees under **Finance Leases** or instalment sale agreements are recorded as receivables at the amount of the municipality's net investment in the leases. Finance lease or instalment sale revenue is allocated to accounting periods so as to reflect a constant periodic rate of return on the municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Rental revenue from **Operating Leases** is recognised on a *Straight-line Basis* over the term of the relevant lease.

14. GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- (a) Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- (b) Expect to be repaid in future; or
- (c) Expect a financial return, as would be expected from an investment.

These transfers are recognised in Surplus or Deficit as expenses in the period that the events giving rise to the transfer occurred.

15. VALUE ADDED TAX

The municipality accounts for Value Added Tax on the Payments Basis in accordance with section 15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991).

16. UNAUTHORISED EXPENDITURE

Unauthorised Expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). All expenditure relating to Unauthorised Expenditure is accounted for as an expense in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

17. IRREGULAR EXPENDITURE

Irregular Expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998), or is in contravention of the Municipality's or Municipal Entities' Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure. Irregular Expenditure is accounted for as an expense in Surplus or Deficit in the period it occurred and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

18. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

19. MATERIAL LOSSES

The MFMA requires the disclosure of material losses incurred during the year under review. The disclosure is provided in order to comply to the legislative requirements governing Municipalities and Municipal Entities.

Due to their significance, the complete calculation of water and electricity losses is provided, including the opening balance, purchases, sales and closing balance where applicable. The unit rate is the rate per the last purchase as inventory is measured based on the *First-In-First-Out Method* as defined by GRAP 12 (*Inventories*).

20. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Assets and Contingent Liabilities are not recognised. Contingencies are disclosed in Notes to the Annual Financial Statements.

21. COMMITMENTS

Commitments are future expenditure to which the municipality committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in Surplus or Deficit, but are included in the disclosure Notes. A distinction is made between capital and current commitments.

22. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the Councillors, Mayor, Executive Committee Members, Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

23. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date have been disclosed in Notes to the Annual Financial Statements.

24. BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the Accounting Policies adopted by the Council for the preparation of these Annual Financial Statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the statement giving reasons for overall growth or decline in the budget and motivations for over- or under spending on line items. The annual budget figures included in the Annual Financial Statements are for the municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification.

The approved budget covers the period from 1 July 2017 to 30 June 2018.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2018
R **2017**
R

1. GENERAL INFORMATION

Mogalakwena Municipality (the municipality) is a local government institution in Mokopane, Limpopo Province, and is one of six local municipalities under the jurisdiction of the Waterberg District Municipality. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Municipal Finance Management Act (MFMA).

2. INVENTORIES

Consumables	13 877 059	7 802 858
Land	16 100 936	1 125 495
Water - at cost	197 971	196 756
Total Inventories	30 175 966	9 125 109

Inventories are held for own use and measured at the lower of Cost and Current Replacement Cost. No write downs of Inventory to Net Realisable Value were required.

The cost of water production for the year amounted to R6.75 (2017: R6.22) per kilolitre.

Obsolete and / or Lost Inventories to the amount of R439,256 (2017: R510,891) were written off and recognised in Profit and Loss during the period.

The cost of Inventories recognised as an expense during the period was R10,537,520 (2017: R16,456,819).

Inventories of R241,771 (2017: R283,583) are expected to be utilised only after more than twelve months.

Inventories of R5,462,905 (2017: R8,653,961) are held as spare parts for infrastructure assets and have been transferred to Property, Plant and Equipment.

No Inventories have been pledged as collateral for Liabilities of the municipality.

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2018			
Service Debtors:	511 774 281	405 646 887	106 127 394
Electricity	73 985 137	37 105 126	36 880 011
Refuse	74 294 908	62 251 112	12 043 796
Sewerage	57 496 519	42 678 004	14 818 516
Other Service Charges	18 501 617	17 729 756	771 861
Water	287 496 099	245 882 889	41 613 210
Other Receivables	(1 155 879)	-	(1 155 879)
Property Rental Debtors	(5 067)	-	(5 067)
Housing Selling Scheme	(1 150 812)	-	(1 150 812)
Control, Clearing and Interface Accounts	3 540 911	-	3 540 911
Total Receivables from Exchange Transactions	514 159 312	405 646 887	108 512 426

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

		2018 R	2017 R
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2017			
Service Debtors:	451 644 621	343 325 578	108 319 043
Electricity	78 378 406	44 969 158	33 409 248
Refuse	65 513 811	53 487 102	12 026 709
Sewerage	50 846 633	38 719 684	12 126 949
Other Service Charges	10 904 041	5 894 530	5 009 511
Water	246 001 730	200 255 104	45 746 627
Other Receivables	100 977	-	100 977
Property Rental Debtors	25	-	25
Housing Selling Scheme	100 952	-	100 952
Control, Clearing and Interface Accounts	2 714 137	-	2 714 137
Total Receivables from Exchange Transactions	454 459 734	343 325 578	111 134 156

Included in Service Debtors is an amount of R11,557,500 (2017: R10,393,452) in respect of the consumption of metered services not billed as at

Other Receivables include outstanding debtors for various other services, e.g. Arrangements, Deposits, Housing, Interest, Rentals and Sundry Services like Garden Refuse, Sanitation Bags, etc.

Receivables from Exchange Transactions are billed monthly, latest end of month. No interest is charged on Receivables until the end of the following month. Thereafter interest is charged at a rate determined by council on the outstanding balance.

The municipality receives applications that it processes. Deposits are required to be paid for all electricity and water accounts opened. There are no consumers who represent more than 5% of the total balance of Receivables.

At 30 June 2018, the municipality is owed R76,398,786 (30 June 2017: R72,160,509) by National and Provincial Government.

The municipality did not pledge any of its Receivables as security for borrowing purposes.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2018
R

2017
R

3.1 Ageing of Receivables from Exchange Transactions

As at 30 June 2018

	Current	Past Due			Total
	<i>0 - 30 days</i>	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>	
Electricity:					
Gross Balances	28 185 266	9 852 488	5 710 206	30 237 176	73 985 137
Less: Provision for Impairment	811 221	7 605 342	4 374 812	24 313 751	37 105 126
Net Balances	27 374 045	2 247 145	1 335 395	5 923 426	36 880 011
Refuse:					
Gross Balances	1 544 256	1 275 490	1 110 362	70 364 800	74 294 908
Less: Provision for Impairment	503 892	1 091 792	947 994	59 707 433	62 251 112
Net Balances	1 040 364	183 698	162 368	10 657 366	12 043 796
Sewerage:					
Gross Balances	1 508 217	1 157 451	913 228	53 917 624	57 496 519
Less: Provision for Impairment	370 103	932 499	723 410	40 651 992	42 678 004
Net Balances	1 138 114	224 952	189 818	13 265 632	14 818 516
Other Service Charges:					
Gross Balances	1 054 447	1 251 766	320 944	15 874 461	18 501 617
Less: Provision for Impairment	575 866	1 235 824	313 043	15 605 023	17 729 756
Net Balances	478 581	15 942	7 901	269 438	771 861
Water:					
Gross Balances	14 223 580	6 444 863	6 099 171	260 728 486	287 496 099
Less: Provision for Impairment	4 437 416	5 505 256	5 244 204	230 696 013	245 882 889
Net Balances	9 786 164	939 607	854 966	30 032 473	41 613 210
Other Receivables:					
Gross Balances	(1 155 879)	-	-	-	(1 155 879)
Less: Provision for Impairment	-	-	-	-	-
Net Balances	(1 155 879)	-	-	-	(1 155 879)
Control, Clearing and Interface Accounts:					
Gross Balances	3 540 911	-	-	-	3 540 911
Less: Provision for Impairment	-	-	-	-	-
Net Balances	3 540 911	-	-	-	3 540 911
As at 30 June Receivables of R66,310,126 were past due but not impaired. The age analysis of these Receivables are as follows:					
	Current	Past Due			Total
	<i>0 - 30 days</i>	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>	
All Receivables:					
Gross Balances	48 900 799	19 982 057	14 153 911	431 122 546	465 258 514
Less: Provision for Impairment	6 698 499	16 370 713	11 603 464	370 974 212	398 948 388
Net Balances	42 202 300	3 611 344	2 550 447	60 148 335	66 310 126

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R			2017 R
As at 30 June 2017				
	Current	Past Due		
	<i>0 - 30 days</i>	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>
				Total
Electricity:				
Gross Balances	25 344 489	9 905 105	4 566 337	38 562 475
Less: Provision for Impairment	513 635	8 010 669	3 606 497	32 838 356
Net Balances	24 830 854	1 894 436	959 840	5 724 118
Refuse:				
Gross Balances	1 143 155	927 506	740 783	62 702 366
Less: Provision for Impairment	186 134	768 730	610 098	51 922 140
Net Balances	957 021	158 776	130 685	10 780 226
Sewerage:				
Gross Balances	984 604	926 287	665 645	48 270 097
Less: Provision for Impairment	134 444	749 527	522 981	37 312 732
Net Balances	850 160	176 760	142 663	10 957 365
Other Service Charges:				
Gross Balances	2 682 707	2 772 122	2 475 215	2 973 997
Less: Provision for Impairment	697 226	1 427 224	1 173 755	2 596 325
Net Balances	1 985 481	1 344 898	1 301 460	377 672
Water:				
Gross Balances	13 096 410	9 330 289	7 174 890	216 400 141
Less: Provision for Impairment	1 680 690	7 852 257	6 031 776	184 690 381
Net Balances	11 415 720	1 478 033	1 143 114	31 709 760
Other Receivables:				
Gross Balances	100 977	-	-	-
Less: Provision for Impairment	-	-	-	-
Net Balances	100 977	-	-	-
Control, Clearing and Interface Accounts:				
Gross Balances	2 714 137	-	-	-
Less: Provision for Impairment	-	-	-	-
Net Balances	2 714 137	-	-	-
As at 30 June Receivables of R68,279,806 were past due but not impaired. The age analysis of these Receivables are as follows:				
	Current	Past Due		
	<i>0 - 30 days</i>	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>
				Total
All Receivables:				
Gross Balances	46 066 479	23 861 309	15 622 870	368 909 076
Less: Provision for Impairment	3 212 129	18 808 407	11 945 107	309 359 934
Net Balances	42 854 350	5 052 903	3 677 762	59 549 142

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

			2018 R	2017 R
3.2 Summary of Receivables from Exchange Transactions by Customer Classification				
	Household R	Industrial/ Commercial R	National and Provincial Government R	Other R
As at 30 June 2018				
<u>Current:</u>				
0 - 30 days	37 019 909	10 619 806	1 261 084	-
<u>Past Due:</u>				
31 - 60 Days	14 354 828	4 181 109	1 446 120	-
61 - 90 Days	11 017 233	2 069 485	1 067 193	-
+ 90 Days	392 814 537	16 700 114	21 607 896	-
Sub-total	455 206 507	33 570 513	25 382 292	-
Less: Provision for Impairment	381 953 055	23 693 831	-	-
Total Trade Receivables by Customer Classification	73 253 452	9 876 682	25 382 292	-
As at 30 June 2017				
<u>Current:</u>				
0 - 30 days	32 712 116	10 011 885	3 165 052	177 426
<u>Past Due:</u>				
31 - 60 Days	17 186 809	5 086 196	1 588 305	-
61 - 90 Days	12 652 372	1 802 105	1 168 392	-
+ 90 Days	315 022 620	17 347 218	36 539 237	-
Sub-total	377 573 917	34 247 405	42 460 987	177 426
Less: Provision for Impairment	321 013 924	22 311 653	-	-
Total Trade Receivables by Customer Classification	56 559 992	11 935 751	42 460 987	177 426
			2018 R	2017 R

3.3 Reconciliation of the Provision for Impairment

Balance at beginning of year	374 866 124	315 567 594
Impairment Losses recognised	139 918 153	27 723 330
Amounts written off as uncollectable	(109 137 391)	34 654
Balance at end of year	405 646 887	343 325 578

In determining the recoverability of Receivables, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

No provision has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Consumer Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

3.4 Ageing of impaired Receivables from Exchange Transactions

<u>Current:</u>		
0 - 30 Days	6 698 499	3 212 129
<u>Past Due:</u>		
31 - 60 Days	16 370 713	18 808 407
61 - 90 Days	11 603 464	11 945 107
+ 90 Days	370 974 212	604 288
Total	405 646 887	34 569 931

3.5 Derecognition of Financial Assets

No Financial Assets have been transferred to other parties during the year.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

		2018 R	2017 R
4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS			
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2018			
Property Rates	142 952 695	87 286 121	55 666 574
Fines	25 771 824	25 730 457	41 367
Over Payment of Contractors	5 953 515	-	5 953 515
Accrued Income	116 501 901	-	116 501 901
Total Receivables from Non-exchange Transactions	291 179 934	113 016 578	178 163 356
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2017			
Property Rates	127 772 833	88 921 882	38 850 952
Fines	2 008 479	1 967 555	40 924
Over Payment of Contractors	5 953 515	-	5 953 515
Accrued Income	4 600 761	-	4 600 761
Total Receivables from Non-exchange Transactions	140 335 588	90 889 437	49 446 151

The municipality does not hold deposits or other security for its Receivables.

None of the Receivables have been pledged as security for the municipality's financial liabilities.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2018
R

2017
R

4.1 Ageing of Receivables from Non-exchange Transactions

As at 30 June 2018

	Current	Past Due			Total
	<i>0 - 30 days</i>	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>	
Property Rates:					
Gross Balances	6 259 128	4 043 492	2 878 118	129 771 958	142 952 695
Less: Provision for Impairment	999 363	3 411 141	2 253 813	80 621 804	87 286 121
Net Balances	5 259 764	632 351	624 305	49 150 154	55 666 574

Fines:

Gross Balances	25 771 824	-	-	-	25 771 824
Less: Provision for Impairment	25 730 457	-	-	-	25 730 457
Net Balances	41 367	-	-	-	41 367

Over Payment of Contractors:

Gross Balances	5 953 515	-	-	-	5 953 515
Less: Provision for Impairment	-	-	-	-	-
Net Balances	5 953 515	-	-	-	5 953 515

Accrued Income:

Gross Balances	116 501 901	-	-	-	116 501 901
Less: Provision for Impairment	-	-	-	-	-
Net Balances	116 501 901	-	-	-	116 501 901

As at 30 June Receivables of R178 163 356 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	<i>0 - 30 days</i>	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>	
All Receivables:					
Gross Balances	154 486 367	4 043 492	2 878 118	129 771 958	291 179 934
Less: Provision for Impairment	26 729 820	3 411 141	2 253 813	80 621 804	113 016 578
Net Balances	127 756 547	632 351	624 305	49 150 154	178 163 356

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

				2018 R	2017 R
As at 30 June 2017					
	Current	Past Due			Total
	<i>0 - 30 days</i>	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>	
Property Rates:					
Gross Balances	4 610 583	3 339 626	2 147 353	117 675 271	127 772 833
Less: Provision for Impairment	456 637	2 951 288	1 765 172	83 748 785	88 921 882
Net Balances	4 153 947	388 339	382 180	33 926 486	38 850 952
Fines:					
Gross Balances	2 008 479	-	-	-	2 008 479
Less: Provision for Impairment	1 967 555	-	-	-	1 967 555
Net Balances	40 924	-	-	-	40 924
Over Payment of Contractors:					
Gross Balances	5 953 515	-	-	-	5 953 515
Less: Provision for Impairment	-	-	-	-	-
Net Balances	5 953 515	-	-	-	5 953 515
Accrued Income:					
Gross Balances	4 600 761	-	-	-	4 600 761
Less: Provision for Impairment	-	-	-	-	-
Net Balances	4 600 761	-	-	-	4 600 761

As at 30 June Receivables of R49 446 151 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total
	<i>0 - 30 days</i>	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>	
All Receivables:					
Gross Balances	17 173 338	3 339 626	2 147 353	117 675 271	140 335 588
Less: Provision for Impairment	2 424 192	2 951 288	1 765 172	83 748 785	90 889 437
Net Balances	14 749 147	388 339	382 180	33 926 486	49 446 151

4.2 Summary of Assessment Rates Debtors by Customer Classification

	Household R	Industrial/ Commercial R	National and Provincial Government R	Other R
As at 30 June 2018				
<u>Current:</u>				
0 - 30 days	3 930 751	1 718 692	609 685	-
<u>Past Due:</u>				
31 - 60 Days	2 652 674	758 467	632 351	-
61 - 90 Days	1 923 236	330 577	624 305	-
+ 90 Days	76 578 359	4 043 445	49 150 154	-
Sub-total	85 085 020	6 851 181	51 016 494	-
Less: Provision for Impairment	81 985 693	5 300 428	-	-
Total Rates Debtors by Customer Classification	3 099 327	1 550 753	51 016 494	-
As at 30 June 2017				
<u>Current:</u>				
0 - 30 days	2 944 721	1 277 402	388 460	-
<u>Past Due:</u>				
31 - 60 Days	2 082 022	869 266	388 339	-
61 - 90 Days	1 382 687	382 485	382 180	-
+ 90 Days	86 549 407	2 585 320	28 540 544	-
Sub-total	92 958 838	5 114 472	29 699 523	-
Less: Provision for Impairment	84 975 895	3 945 987	-	-
Total Rates Debtors by Customer Classification	7 982 943	1 168 486	29 699 523	-

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
4.3 Reconciliation of Provision for Impairment		
Balance at beginning of year	59 348 890	84 425 785
Impairment Losses recognised	55 635 243	9 475 052
Amounts written off as uncollectable	(1 967 555)	(3 011 400)
Balance at end of year	113 016 578	90 889 437

The Provision for Impairment on Receivables exists predominantly due to the possibility that these debts will not be recovered. The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.

In determining the recoverability of a Rates Assessment Debtor and Receivables from Non-exchange Transactions, the municipality considers any change in the credit quality of the Rates Assessment Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

No Provision for Impairment has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Rates Assessment Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

Furthermore, no Provision for Impairment was calculated on Receivables other than Assessment Rates Debtors as the management is of the opinion that all Receivables are recoverable within normal credit terms.

5. VAT RECEIVABLE

Vat Receivable	91 330 619	113 601 455
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VAT Payable is the Net Payable from all VAT Control Accounts and agree to the VAT201 Returns.

Vat is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

6. CASH AND CASH EQUIVALENTS

Current Investments	163 000 193	205 635 946
Bank Accounts	(20 787 571)	13 593 030
Cash and Cash Equivalents	26 906	26 906
Total Bank, Cash and Cash Equivalents	142 239 529	219 255 882
Bank Overdraft	(20 787 571)	-
Net Bank, Cash and Cash Equivalents	163 027 100	219 255 882

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
6.1 Current Investment Deposits		
Call Deposits	161 169 978	203 805 730
Fixed Deposits	1 830 215	1 830 215
Total Current Investment Deposits	163 000 193	205 635 946

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 5.20 % to 5.45 % (2017: 5.20 % to 5.45 %) per annum.

Notice Deposits are investments with a maturity period of less than 12 months and earn interest rates varying from 5.75 % to 7.38 % (2017: 6.25 % to 7.80 %) per annum.

Deposits attributable to Unspent Conditional Grants	133 398 243	19 770 885
Deposits attributable to Capital Replacement Reserve.	-	185 865 061
Deposits attributable to Payables	29 601 951	-
Total Deposits attributable to Commitments of the Municipality	163 000 193	205 635 946

6.2 Bank Accounts

Cash in Bank	-	13 593 030
Bank Overdraft	(20 787 571)	-
Total Bank Accounts	(20 787 571)	13 593 030

The Municipality has the following bank accounts:

Primary Bank Account

Standard Bank - Mokopane Branch, Mokopane - Account Number 031 264 344:

Cash book balance at beginning of year	13 593 030	19 946 403
Cash book balance at end of year	(20 787 571)	13 593 030
Bank statement balance at beginning of year	13 928 029	23 255 078
Bank statement balance at end of year	9 708 610	13 928 029

The municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.

6.3 Cash and Cash Equivalents

Cash Floats and Advances	26 906	26 906
Total Cash on hand in Cash Floats, Advances and Equivalents	26 906	26 906

The municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2018
R

2017
R

7. OPERATING LEASE RECEIVABLES

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of Non-cancellable Operating Leases the following assets have been recognised:

Balance at beginning of year	86 051	90 327
Operating Lease - Straightlining	95 715	187 419
Operating Lease Revenue effected	(89 379)	(191 695)
Total Operating Lease Receivables	92 388	86 051

7.1 Leasing Arrangements

The Municipality as Lessor:

Operating Leases relate to Property owned by the municipality with lease terms of between 1 to 79 (2017/18: 1 to 80) years, with an option to extend.

All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

The property rental income earned by the municipality from its Investment Property, all of which is leased out under operating leases, amounted to R727 505 (2017: R772 393).

7.2 Amounts receivable under Operating Leases

At the Reporting Date the following minimum lease payments were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:

Up to 1 year	89 379	191 695
2 to 5 years	381 603	405 758
More than 5 years	197 634	262 858
Total Operating Lease Arrangements	668 616	860 311

The impact of charging the escalations in Operating Leases on a straight-line basis over the term of the lease has been an increase of R6,337 (2017: decrease of R4,276) in current year income.

The following restrictions have been imposed by the municipality in terms of the lease agreements:

- (i) The lessee shall not have the right to sublet, cede or assign the whole or any portion of the premises let.
- (ii) The lessor or its duly authorised agent, representative or servant shall have the right at all reasonable times to inspect the premises let.
- (iii) The lessee shall use the premises let for the sole purpose prescribed in the agreement.

8. CURRENT PORTION OF LONG-TERM RECEIVABLES

Public Organisation	11 914 881	6 110 496
Staff Related Long Term Receivables	43 380	43 380
Total Current Portion of Long-term Receivables	11 958 261	6 153 876

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

9 PROPERTY, PLANT AND EQUIPMENT

30 June 2018

Reconciliation of Carrying Value

Description	Buildings and Land	Infra- structure	Community	Other	Transport Assets	Total
	R	R	R	R	R	R
Carrying values at 01 July 2017	2 537 328 176	3 563 903 991	116 628 798	28 304 739	22 323 650	6 268 489 354
Cost:	2 576 224 193	5 145 503 657	283 845 043	70 207 868	61 149 922	8 136 930 682
- Completed Assets	2 576 224 193	4 099 847 059	283 845 043	70 207 868	61 149 922	7 091 274 084
- Under Construction	-	1 045 656 598	-	-	-	1 045 656 598
Accumulated Impairment Losses	-	-	-	-	-	-
Accumulated Depreciation:	(38 896 017)	(1 581 599 666)	(167 216 244)	(41 903 130)	(38 826 272)	(1 868 441 328)
- Cost	(38 896 017)	(1 581 599 666)	(167 216 244)	(41 903 130)	(38 826 272)	(1 868 441 328)
Correction of error (Note 44)	(2 077 192 574)	-	(72 740 180)	73 600	-	(2 149 859 154)
Acquisition of Assets:						
- Cost	3 413 805	594 542 345	8 901 820	2 003 815	7 697 916	616 559 700
- Capital Under Construction	-	(5 507 365)	-	-	-	(5 507 365)
Depreciation:	-	(80 903 463)	(10 285 788)	(4 022 117)	(3 647 130)	(98 858 498)
- Based on Cost	-	(80 903 463)	(10 285 788)	(4 022 117)	(3 647 130)	(98 858 498)
Carrying value of Disposals:	(860 969)	(899 409)	(100 652)	(2 515 677)	(963 285)	(5 339 992)
- Cost	(1 136 398)	(1 744 778)	(100 652)	(17 816 459)	(6 863 696)	(27 661 983)
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	275 429	845 369	-	15 300 782	5 900 411	22 321 991
- Based on Cost	275 429	845 369	-	15 300 782	5 900 411	22 321 991
Impairment Losses	-	-	-	-	-	-
Capital under Construction - Completed	-	-	-	-	-	-
Other Movements:	2 965 443	407 898 144	(35 059 027)	(3 832)	-	375 800 728
- Cost	(686 058)	114 778 488	(114 199 378)	-	-	(106 948)
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	3 651 501	293 119 656	79 140 351	(3 832)	-	375 907 676
Carrying values at 30 June 2018	465 653 881	4 479 034 243	7 344 971	23 840 528	25 411 151	5 001 284 774
Cost:	500 622 968	5 847 572 347	105 706 652	54 468 824	61 984 141	6 570 354 932
- Completed Assets	500 622 968	4 807 423 114	105 706 652	54 468 824	61 984 141	5 530 205 699
- Under Construction	-	1 040 149 233	-	-	-	1 040 149 233
Accumulated Impairment Losses	-	-	-	-	-	-
Accumulated Depreciation:	(34 969 087)	(1 368 538 104)	(98 361 681)	(30 628 296)	(36 572 990)	(1 569 070 159)
- Cost	(34 969 087)	(1 368 538 104)	(98 361 681)	(30 628 296)	(36 572 990)	(1 569 070 159)

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

8 PROPERTY, PLANT AND EQUIPMENT (Continued)

30 June 2017

Reconciliation of Carrying Value

Description	Buildings and Land	Infra-structure	Community	Other	Transport Assets	Total
	R	R	R	R	R	R
Carrying values at 01 July 2016	2 561 865 540	3 381 646 721	168 681 611	29 454 750	23 464 265	6 165 112 887
Cost:	2 588 196 193	4 707 942 823	274 122 927	66 011 530	56 514 134	7 692 787 607
- Completed Assets	2 588 196 193	4 014 025 001	274 122 927	66 011 530	56 514 134	6 998 869 785
- Under Construction	-	693 917 823	-	-	-	693 917 823
Correction of error (Note 44)	-	-	-	-	-	-
Change in Accounting Policy	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-
Accumulated Depreciation:	(26 330 652)	(1 326 296 102)	(105 441 316)	(36 556 780)	(33 049 869)	(1 527 674 720)
- Cost	(26 330 652)	(1 326 296 102)	(105 441 316)	(36 556 780)	(33 049 869)	(1 527 674 720)
Acquisition of Assets:						
- Cost	-	25 465 697	798 541	4 196 338	4 635 788	35 096 364
- Capital Under Construction	-	414 501 031	-	-	-	414 501 031
Depreciation:	(12 565 364)	(255 303 564)	(61 774 928)	(5 346 350)	(5 776 402)	(340 766 608)
- Based on Cost	(12 565 364)	(255 303 564)	(61 774 928)	(5 346 350)	(5 776 402)	(340 766 608)
Carrying value of Disposals:	(11 972 000)	-	-	-	-	(11 972 000)
- Cost	(11 972 000)	-	-	-	-	(11 972 000)
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation:	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-
Capital under Construction - Completed	-	(62 762 255)	-	-	-	(62 762 255)
Other Movements:	-	60 356 361	8 923 574	-	-	69 279 935
- Cost	-	60 356 361	8 923 574	-	-	69 279 935
- Accumulated Impairment Losses	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-
Carrying values at 30 June 2017	2 537 328 176	3 563 903 991	116 628 798	28 304 739	22 323 650	6 268 489 354
Cost	2 576 224 193	5 145 503 657	283 845 043	70 207 868	61 149 922	8 136 930 682
- Completed Assets	2 576 224 193	4 099 847 059	283 845 043	70 207 868	61 149 922	7 091 274 084
- Under Construction	-	1 045 656 598	-	-	-	1 045 656 598
Accumulated Impairment Losses	-	-	-	-	-	-
Accumulated Depreciation:	(38 896 017)	(1 581 599 666)	(167 216 244)	(41 903 130)	(38 826 272)	(1 868 441 328)
- Cost	(38 896 017)	(1 581 599 666)	(167 216 244)	(41 903 130)	(38 826 272)	(1 868 441 328)

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

Other movements of Property, Plant and Equipment include the transfer of Major Spare Parts to the amount of R5 462 905 (2017: R8 653 961) and Work-in-Progress of R0 (2017: R62 762 255) completed and transferred to Cost.

Refer to Appendices "B, C and E (4)" for more detail on Property, Plant and Equipment, including those in the course of construction.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
9 PROPERTY, PLANT AND EQUIPMENT (Continued)		
9.1 Gross Carrying Amount of Property, Plant and Equipment that is fully depreciated and still in use		
There are no Property, Plant and Equipment that is fully depreciated at year-end and still in use by the municipality.		
9.2 Carrying Amount of Property, Plant and Equipment retired from active use and not classified as a Discontinued Operation		
Other	-	6 467
Carrying Amount of PPE retired from active use and held for disposal	-	6 467
9.3 Assets pledged as security		
The municipality did not pledge any of its assets as security.		
9.4 Impairment of Property, Plant and Equipment		
No impairment losses have been recognised on Property, Plant and Equipment of the municipality at the reporting date.		
9.5 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed		
There was no change (2017: R0) in the estimated useful life of various assets of the municipality for the financial year.		
9.6 Land and Buildings carried at Fair Value		
The municipality's Land and Buildings are accounted for according to the cost model and therefore no fair value has been determined.		
9.7 Work-in-Progress		
The municipality has incurred expenditure on capital projects which were not completed at year-end. The details of the carrying amounts of expenditure included in each class of assets are listed below:		
Capital Assets	1 040 149 233	1 045 656 598
Total Carrying Amounts of Work-in-Progress	1 040 149 233	1 045 656 598
9.8 Delayed Projects		
The municipality has projects that are currently experiencing delays or were halted. For each project, the reason for the delay or halting of the project are noted. The carrying amount of those assets included in the balance of Property, Plant and Equipment are listed below:		
Project Details	Delayed or Halted	
<i>Infrastructure:</i>		
Contract 05 - 2014/15: Seema Cluster Storage Tanks and Chambers A - Skimming Reason: Delays experienced due to Mining Strike, Community Strike and Community Disruptions.	Delayed 11 656 475	12 484 164
Contract 06 - 2014/15: Seema Cluster Storage Tanks and Chambers B Reason: Delays experienced due to Late Access to the construction site, Inclement Weather, Strikes and Laboratory Testing of Works.	Delayed 8 770 756	9 764 113
Contract 09 - 2015/2016: Integrated Water Supply System, Mogalakwena Area, Link pipeline High Reservoir to Piet-se-Kop Reservoir Reason: Delays experienced due to Late Access to the construction site, Inclement Weather, Strikes and Laboratory Testing of Works.	Delayed -	84 387 235

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

		2018 R	2017 R
Project 1: Construction of 10 Megaliter WWTW	Delayed	159 474 066	159 695 480
Reason: Delays experienced on Design of Sludge, suspension of work, strike on-site and community unrest.			
Project 2: Integrated Water Supply System, Mogalakwena Municipal Area	Delayed	-	10 049 479
Reason: Delays experienced due to disruptions of works, Heavy Rains, Exceptional hard rock dicovered during Excavation.			
Project 3: Integrated Water Supply System, Seema Cluster Pipelines	Delayed	-	8 835 548
Reason: Delays experienced due to Community Strike, Inclement Weather and Labour Strike.			
Contract 29 - 2015/16: Maala Perekisi, Phafola and Sekuruwe Storage Tanks	Delayed	47 931 806	-
Reason: Practically completed; Pipework connection outstanding.			
Contract: Molekane Taxi Route	Stalled	3 356 116	-
Reason: Designs improperly done; road developed crocodile skin due to poor water drainage.			
Contract: Malapile Community Bridge	Stalled	2 462 161	-
Reason: None.			
Contract: Segole 1 & 2 Water Project	Stalled	12 328 166	-
Reason: Delayed installation by the supplier; Litigation proceedings started.			
Contract: Fothane Mini Scheme Water 23	Stalled	16 658 657	-
Reason: Community strikes and protest actions.			
Contract: Moshate Sports Facility	Stalled	36 931 854	-
Reason: Labour strikes and community interference.			
Total Carrying Amounts of Delayed or Halted Projects		299 570 056	285 216 019

9.8 Expenditure incurred to repair and maintain

The following specific costs included in the amount of repairs and maintenance were incurred by municipality during the reporting period:

Electrical Infrastructure:	7 183 967	40 672 115
- Contracted Services	7 183 967	28 845 155
- Inventory Consumed	-	4 737 717
- Labour	-	7 089 243
- Other Operational Costs	-	-
Roads Infrastructure:	36 049	99 238 383
- Contracted Services	36 049	99 229 203
- Inventory Consumed	-	3 058
- Labour	-	6 122
- Other Operational Costs	-	-
Sanitation Infrastructure:	8 162 368	7 075 662
- Contracted Services	8 162 368	6 865 126
- Inventory Consumed	-	210 536
- Labour	-	-
- Other Operational Costs	-	-
Storm Water Infrastructure:	479 796	-
- Contracted Services	479 796	-
- Inventory Consumed	-	-
- Labour	-	-
- Other Operational Costs	-	-
Water Supply Infrastructure:	54 628 515	60 316 132
- Contracted Services	54 628 515	51 570 138
- Inventory Consumed	-	8 745 993
- Labour	-	-
- Other Operational Costs	-	-

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
Community Assets:	20 883	70 826
- Contracted Services	14 196	32 929
- Inventory Consumed	6 687	24 662
- Labour	-	13 235
- Other Operational Costs	-	-
Computer Equipment:	-	36 682
- Contracted Services	-	34 988
- Inventory Consumed	-	1 693
- Labour	-	-
- Other Operational Costs	-	-
Furniture and Office Equipment:	138 161	590
- Contracted Services	138 161	-
- Inventory Consumed	-	590
- Labour	-	-
- Other Operational Costs	-	-
Intangible Assets	11 764	-
- Contracted Services	11 764	-
- Inventory Consumed	-	-
- Labour	-	-
- Other Operational Costs	-	-
Machinery and Equipment:	819 899	639 086
- Contracted Services	317 101	525 646
- Inventory Consumed	502 798	110 700
- Labour	-	2 740
- Other Operational Costs	-	-
Other Assets - Buildings and Land	59 748	409 795
- Contracted Services	59 748	243 440
- Inventory Consumed	-	130 264
- Labour	-	36 091
- Other Operational Costs	-	-
Transport Assets:	14 020 675	13 627 369
- Contracted Services	14 020 675	13 627 369
- Inventory Consumed	-	-
- Labour	-	-
- Other Operational Costs	-	-
Total Expenditure incurred to Repair and Maintain	85 561 825	222 086 640

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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R

10 INTANGIBLE ASSETS

At Cost less Accumulated Amortisation and Accumulated Impairment Losses	1 623 892	1 985 093
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The movement in Intangible Assets is reconciled as follows:

	Internally Generated	Software Purchased	Acquired Rights	Other Intangibles	Total
Carrying values at 01 July 2017	-	1 985 093	-	-	1 985 093
Cost	-	7 615 200	-	-	7 615 200
Accumulated Amortisation	-	(5 630 107)	-	-	(5 630 107)
Correction of Error:	-	148	-	-	148
At Cost	-	890	-	-	890
At Accumulated Amortisation	-	(742)	-	-	(742)
Acquisitions:	-	-	-	-	-
Purchased	-	-	-	-	-
Amortisation:	-	(294 115)	-	-	(294 115)
Purchased	-	(294 115)	-	-	(294 115)
Disposals:	-	(67 234)	-	-	(67 234)
At Cost	-	(2 625 284)	-	-	(2 625 284)
At Accumulated Amortisation	-	2 558 050	-	-	2 558 050
Transfers:	-	-	-	-	-
At Cost	-	-	-	-	-
At Accumulated Amortisation	-	-	-	-	-
Carrying values at 30 June 2018	-	1 623 892	-	-	1 623 892
Cost	-	4 990 805	-	-	4 990 805
Accumulated Amortisation	-	(3 366 913)	-	-	(3 366 913)
	Internally Generated	Software Purchased	Acquired Rights	Other Intangibles	Total
Carrying values at 01 July 2016	-	1 780 828	-	-	1 780 828
Cost	-	6 938 095	-	-	6 938 095
Accumulated Amortisation	-	(5 157 268)	-	-	(5 157 268)
Acquisitions:	-	677 104	-	-	677 104
Purchased	-	677 104	-	-	677 104
Amortisation:	-	(472 839)	-	-	(472 839)
Purchased	-	(472 839)	-	-	(472 839)
Disposals:	-	-	-	-	-
At Cost	-	-	-	-	-
At Accumulated Amortisation	-	-	-	-	-
Transfers:	-	-	-	-	-
At Cost	-	-	-	-	-
At Accumulated Amortisation	-	-	-	-	-
Carrying values at 30 June 2017	-	1 985 093	-	-	1 985 093
Cost	-	7 615 200	-	-	7 615 200
Accumulated Amortisation	-	(5 630 107)	-	-	(5 630 107)

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 34).

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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No restrictions apply to any of the Intangible Assets of the municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

10.1 Significant Intangible Assets

Significant Intangible Assets, that did not meet the recognition criteria for Intangible Assets as stipulated in GRAP 102 and SIC 32, are the following:

(i) Website Costs incurred during the last two financial years, if applicable, have been expensed and not recognised as Intangible Assets. The municipality cannot demonstrate how its website will generate probable future economic benefits.

10.2 Intangible Assets with Indefinite Useful Lives

The municipality amortises all its Intangible Assets and no of such assets are regarded as having indefinite useful lives.

The useful lives of the Intangible Assets remain unchanged from the previous year.

10.3 Impairment of Intangible Assets

No impairment losses have been recognised on Intangible Assets of the municipality at the reporting

10.4 Work-in-Progress

The municipality had no capital projects for Intangible Assets which were not completed at year-end.

10.5 Delayed Projects

No projects that are currently in progress are experiencing significant delays. No projects for the period was halted.

11 INVESTMENT PROPERTY

At Cost less Accumulated Depreciation

38 029 892 **35 359 425**

The movement in Investment Property is reconciled as follows:

Carrying values at 1 July

35 359 425 **35 662 945**

Cost

41 312 319 41 312 319

Accumulated Depreciation

(5 952 894) (5 649 374)

Acquisitions during the Year

- -

Cost

- -

Depreciation during the Year

(113 868) (303 520)

Other Changes:

2 784 334 -

At Cost

(1 885 963) -

At Accumulated Depreciation

4 670 297 -

Carrying values at 30 June

38 029 892 **35 359 425**

Cost

39 426 356 41 312 319

Accumulated Depreciation

(1 396 465) (5 952 894)

Revenue and Expenditure disclosed in the Statement of Financial Performance include the following:

Rental Revenue earned from Investment Property

727 505 772 393

All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations on Investment Property.

Refer to Appendix "B" for more detail on Investment Property.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2018
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R

11.1 Investment Property carried at Fair Value

The municipality's Investment Properties are accounted for according to the cost model and therefore no fair value has been determined.

11.2 Impairment of Investment Property

No impairment losses have been recognised on Investment Property of the municipality at the reporting date.

11.3 Work-in-Progress

The municipality had no capital projects for Investment Property which were not completed at year-end.

11.4 Delayed Projects

No projects that are currently in progress are experiencing significant delays. No projects for the period

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

12 HERITAGE ASSETS

30 June 2018

Reconciliation of Carrying Value

Description	Significant Land and Buildings	National Parks	Works of Art, Antiques and Collections	Sculptures and Monuments	Archives	Total
	R	R	R	R	R	R
Carrying values at 01 July 2017	-	5 736 342	-	-	-	5 736 342
Cost	-	5 736 342	-	-	-	5 736 342
Accumulated Impairment Losses	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
Carrying values at 30 June 2018	-	5 736 342	-	-	-	5 736 342
Cost	-	5 736 342	-	-	-	5 736 342
Accumulated Impairment Losses	-	-	-	-	-	-

30 June 2017

Reconciliation of Carrying Value

Description	Significant Land and Buildings	National Parks	Works of Art, Antiques and Collections	Sculptures and Monuments	Archives	Total
	R	R	R	R	R	R
Carrying values at 01 July 2016	-	5 736 342	-	-	-	5 736 342
Cost	-	5 736 342	-	-	-	5 736 342
Accumulated Impairment Losses	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
Carrying values at 30 June 2017	-	5 736 342	-	-	-	5 736 342
Cost	-	5 736 342	-	-	-	5 736 342
Accumulated Impairment Losses	-	-	-	-	-	-

All of the municipality's Heritage Assets are held under freehold interests and no Heritage Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Heritage Assets of the municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

12.1 Impairment of Heritage Assets

No impairment losses have been recognised on Heritage Assets of the municipality at the reporting date.

12.2 Heritage Assets measured after recognition using the Revaluation Model

The municipality's Heritage Assets are accounted for according to the cost model and therefore no fair value has been determined.

12.3 Work-in-Progress

The municipality had no capital projects for Heritage Assets which were not completed at year-end.

13.6 Delayed Projects

No projects that are currently in progress are experiencing significant delays. No projects for the period was halted.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
13 LONG-TERM RECEIVABLES		
Public Organisation	11 914 881	6 110 496
Staff Related Long Term Receivables	43 380	43 380
Trading Service Debtors	17 151 452	1 453 315
Non-Current Portion of Long-term Receivables	29 109 714	7 607 191
Less: Current Portion transferred to Current Receivables:-	11 958 261	6 153 876
Public Organisation	11 914 881	6 110 496
Staff Related Long Term Receivables	43 380	43 380
Trading Service Debtors		
Total Long-term Receivables	17 151 452	1 453 315

PUBLIC ORGANISATION

Public Organisation are in respect of Land Sales. Stands are sold on a cash/bank guarantee basis. The outstanding loans are repayable in the year 2011/12.

OPERATING LEASE RECEIVABLES

The municipality has entered into an operating lease to obtain photo-copier services. The lease was entered into on 1 Jul 2017 and is expected to commence until 30 June 2020. Monthly rental of R125 000 is payable excluding contingent rentals for maintenance services and replacement of printer cartridges.

STAFF RELATED LONG-TERM RECEIVABLES

Study Loans:

In terms of the MFMA no Study Cost Loans are granted anymore. The outstanding amount is in respect of loans granted before 01 July 2005. Beneficiaries were entitled to Study Cost Loans at an interest rate of 5,00% per annum, repayable over a maximum period of 6 years. The balance of the loans are in respect of third parties and are repayable in the year 2011/12.

TRADING SERVICE DEBTORS

Arrear amounts on services are capitalised on completion of a formal agreement or upon being handed over to attorneys for collection. These arrear amounts are then paid to the municipality in monthly instalments over a period not exceeding 48 months. No interest is charged on these amounts where the stipulations of the agreement are adhered to.

The municipality does not hold deposits or any other security for its Long-term Receivables.

No Long-term Receivables have been pledged as security for the municipality's financial liabilities.

13.1 Ageing of Long-term Receivables

Current:

0 - 30 days	-	-
-------------	---	---

Past Due:

31 - 60 Days	-	-
--------------	---	---

61 - 90 Days	-	-
--------------	---	---

91 - 120 Days	-	-
---------------	---	---

+ 120 Days	29 109 714	7 607 191
------------	------------	-----------

Total	29 109 714	7 607 191
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As at 30 June Long-term Receivables of R29 109 714 (2017: R7 607 191) were past due but not impaired. No terms for payment have been re-negotiated. The age analysis of these Long-term Receivables is as follows:

31 - 60 Days	-	-
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61 - 90 Days	-	-
--------------	---	---

+ 90 Days	-	-
-----------	---	---

+ 120 Days	29 109 714	7 607 191
------------	------------	-----------

Total	29 109 714	7 607 191
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14 CONSUMER DEPOSITS

Electricity	17 192 320	16 621 460
Water	4 489 214	4 489 214
Other Deposits	102 019 791	1 156 884
Posters	75 520	66 826
Rental Properties	101 944 271	1 090 058
Total Consumer Deposits	123 701 324	22 267 558
Guarantees held in lieu of Electricity and Water Deposits	2 412 850	3 202 596

Consumer Deposits - Rental Properties

Consumer deposits comprise deposits for properties rented out by the municipality.

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the

No interest is paid on Consumer Deposits held.

15 PROVISIONS

Performance Bonus	-	-
Current Portion of Employee Benefit Liabilities (See Note N/A):	2 582 315	2 856 685
Post-retirement Medical Aid Benefits Liability	1 352 031	1 818 945
Long-term Service Liability	1 230 284	1 037 740
Current Portion of Non-Current Provisions (See Note 21):	300 000	300 000
Insurance Claims	300 000	300 000
Leave	-	-
Total Provisions	2 882 315	3 156 685

The movement in provisions is reconciled as follows:

Performance Bonus:

Opening Balance	4 360 356	362 147
Increases	(4 360 356)	(362 147)
Reductions	-	-
Reversals	-	-
Increases (Passage of Time/Discounted Rate)	-	-
Balance at end of Year	-	-

Performance Bonuses accrue to senior managers on an annual basis, subject to certain conditions. The provision has been reversed for the previous year as no performance management system was in place resulting that no bonuses were accrued at the reporting date.

Current Portion of Defined Benefit Liabilities:

	Medical Aid R	Pension Fund R	Long-term Service R
30 June 2018			
Opening Balance	1 818 945	-	1 037 740
Increases	-	-	-
Reversals	-	-	-
Increases (Passage of Time/Discounted Rate)	-	-	-
Interest cost	-	-	-
Current service cost	1 352 031	-	(1 037 740)
Actual employer benefit payments	(1 818 945)	-	-
Actuarial loss/ (gain) recognised in the year	-	-	-
Balance at end of year	1 352 031	-	-

	Medical Aid R	Pension Fund R	Long-term Service R
30 June 2017			
Opening Balance	1 741 728	-	1 100 625
Increases	-	-	-
Reversals	-	-	-
Increases (Passage of Time/Discounted Rate)	-	-	-
Interest cost	-	-	-
Current service cost	1 818 945	-	(1 100 625)
Actual employer benefit payments	(1 741 728)	-	-
Actuarial loss/ (gain) recognised in the year	-	-	-
Balance at end of year	1 818 945	-	-

Current Portion of Non-Current Provisions:

Staff Benefit Provisions:

	Ex-gratia Pension R	Leave Provision R	Staff Parity R
30 June 2018			
Opening Balance	-	24 969 673	-
Increases	-	-	-
Reductions	-	(24 969 673)	-
Reversals	-	-	-
Increases (Passage of Time/Discounted Rate)	-	-	-
Balance at end of Year	-	-	-

	Ex-gratia Pension R	Leave Provision R	Staff Parity R
30 June 2017			
Opening Balance	-	(156 224)	-
Increases	-	156 224	-
Reductions	-	-	-
Reversals	-	-	-
Increases (Passage of Time/Discounted Rate)	-	-	-
Balance at end of Year	-	-	-

Other Operational Provisions:

	Alien Vegetation R	Decomm of Landfill Sites R	Decomm of Non- Specific R	Insurance Claims R	Litigation R
30 June 2018					
Opening Balance	-	-	-	300 000	-
Increases	-	-	-	-	-
Reductions	-	-	-	-	-
Reversals	-	-	-	-	-
Increases (Passage of Time/Discounted Rate)	-	-	-	-	-
Balance at end of Year	-	-	-	300 000	-

	Alien Vegetation	Decomm of Landfill Sites	Decomm of Non- Specific	Insurance Claims	Litigation
	R	R	R	R	R
30 June 2017					
Opening Balance	-	-	-	300 000	-
Increases	-	-	-	-	-
Reductions	-	-	-	-	-
Reversals	-	-	-	-	-
Increases (Passage of Time/Discounted Rate)	-	-	-	-	-
Balance at end of Year	-	-	-	300 000	-

Insurance Claims: A Storm Water Drainage Claim arises from a settlement, at an amount agreed between the two parties, awarded by court for damages to a private home when it was flooded due to poor water drainage. The provision has been determined based on the quotation received from a service provider.

16 PAYABLES FROM EXCHANGE TRANSACTIONS

Advance Payments	10 119 794	19 445 626
Bonus	4 624 143	4 360 356
Leave Accrual	25 010 072	24 969 673
Other Payables	(9 572 349)	(2 568 191)
Control, Clearing and Interface Accounts	(9 572 349)	(2 568 191)
Retentions	91 583 225	91 602 611
Trade Creditors	145 471 739	148 604 189
Payables and Accruals	145 471 739	148 604 189
Total Payables from Exchange Transactions	267 236 623	286 414 265

Staff Bonuses accrue to the staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

Staff Leave accrues to the staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

The average credit period on purchases is 89 (2017: 102) days, as opposed to 30 days from the receipt of the invoice as determined by the MFMA.

No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality.

17 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

National Government	133 398 243	19 770 885
Total Conditional Grants and Receipts	133 398 243	19 770 885

The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.

See Note 26 for the reconciliation of Transfers and Subsidies. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Refer to Appendix "F" for more detail on Conditional Grants.

18 LONG-TERM LIABILITIES

27.5 Operating Leases

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. No liability existed at 30 June as none of the contracts has any escalation clauses.

Balance at Beginning of Year	-	-
Operating Lease Expenses Recorded	4 108 972	10 687 164
Operating Lease Payments Effected	(4 108 972)	(10 687 164)
Total Operating Lease Liabilities	-	-

20.1 Leasing Arrangements

The Municipality as Lessee:

Operating Leases relate to Property, Plant and Equipment with lease terms not longer than 5 years, with an option to extend for a further period. All operating lease contracts contain market review clauses in the event that the municipality exercises its option to renew. The municipality does not have an option to purchase the leased asset at the expiry of the lease period.

20.2 Amounts payable under Operating Leases

At the Reporting Date the municipality had outstanding commitments under Non-cancellable Operating Leases for Property, Plant and Equipment, which fall due as follows:

Other Equipment:	307 296	578 816
Up to 1 year	227 088	271 520
2 to 5 years	80 208	307 296
More than 5 years	-	-
Total Operating Lease Arrangements	307 296	578 816

The following payments have been recognised as an expense in the Statement of Financial Performance:

Minimum lease payments	4 108 972	10 687 164
Total Operating Lease Expenses	4 108 972	10 687 164

The municipality has operating lease agreements for the following classes of assets, which are only significant collectively:

- Office Equipment

The following restrictions have been imposed on the municipality in terms of the lease agreements on Office Equipment:

- (i) The equipment shall remain the property of the lessor.
- (ii) The hirer shall not sell, sublet, cede, assign or delegate any of its rights or obligations on the equipment.
- (iii) The equipment shall be returned in good order and condition to the lessor upon termination of the agreement.
- (iv) The municipality is obliged to enter into a maintenance agreement with the lessor for the equipment rented.

19 EMPLOYEE BENEFIT LIABILITIES

Employee Benefit Liabilities	79 005 553	80 615 467
Post-retirement Health Care Benefits Liability	66 788 551	69 600 741
Long Service Awards Liability	12 217 002	11 014 726
Less: Current Portion of Employee Benefit Liabilities	2 582 315	2 856 685
Post-retirement Health Care Benefits Liability	1 352 031	1 818 945
Long Service Awards Liability	1 230 284	1 037 740
Non-Current Portion of Employee Benefit Liabilities	76 423 238	77 758 782

19.1 Post-retirement Health Care Benefits Liability

Opening balance	67 781 796	67 344 358
Interest cost	6 072 308	-
Current service cost	3 433 621	2 256 383
Actuarial loss/ (gain) recognised in the year	(10 499 174)	-
Balance at end of Year	66 788 551	69 600 741
Transfer to Current Provisions	1 352 031	1 818 945
Total Post-retirement Health Care Benefits Liability	65 436 520	67 781 796

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2018 by Mr DT Mureriwa, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service Members (Employees)	253	276
In-service Non-members (Employees)	430	408
Continuation Members (Retirees, widowers and orphans)	40	43
Total Members	723	727

The liability in respect of past service has been estimated as follows:

In-service Members	26 025 252	27 172 556
In-service Non-members	19 600 126	18 213 839
Continuation Members	21 163 173	24 214 346
Total Liability	66 788 551	69 600 741

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Keyhealth
- LA Health
- Hosmed
- Samwumed

The Current-service Cost for the year ending 30 June 2018 is estimated to be R6 072 308, whereas the cost for the ensuing year is estimated to be R3 537 354 (30 June 2017: R6 448 859 and R6 072 308)

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	9.85%	8.84%
Health Care Cost Inflation Rate	7.71%	7.14%
Net Effective Discount Rate	1.99%	1.59%
Expected Retirement Age - Females	65	63
Expected Retirement Age - Males	65	63

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the Year	69 600 741	69 086 086
Interest Cost	6 072 308	6 448 859
Current Service Cost	3 433 621	3 537 354
Benefits Paid	(1 818 945)	(1 741 728)
Actuarial Losses / (Gains)	(10 499 174)	(7 729 830)
Total Recognised Benefit Liability	66 788 551	69 600 741

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	66 788 551	69 600 741
Unfunded Accrued Liability	66 788 551	69 600 741
Total Benefit Liability	66 788 551	69 600 741

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	6 072 308	6 448 859
Interest cost	3 433 621	3 537 354
Actuarial losses / (gains)	(10 499 174)	(7 729 830)
Total Post-retirement Benefit included in Employee Related Costs (Note 32)	(993 245)	2 256 383

The history of fair values are as follows:

	2018 R	2017 R	2016 R	2015 R	2014 R
Present Value of Defined Benefit Obligation	66 788 551	69 600 741	69 086 086	67 911 118	58 758 838
Deficit	66 788 551	69 600 741	69 086 086	67 911 118	58 758 838
Experienced adjustments on Plan Liabilities	(2 239 266)	1 269 872	(1 189)	2 356 040	41 820
				2018 R	2017 R

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

Increase:

Effect on the aggregate of the current service cost and the interest cost	2 051 233	1 986 258
Effect on the defined benefit obligation	12 028 451	12 741 386

Decrease:

Effect on the aggregate of the current service cost and the interest cost	(1 630 205)	(1 572 577)
Effect on the defined benefit obligation	(9 694 560)	(10 238 583)

The municipality expects to make a contribution of R10 053 129 (2017: R9 505 929) to the Defined Benefit Plans during the next financial year.

Refer to Note 52, "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

19.2 Long Service Awards Liability

Opening Balance	9 976 986	9 248 939
Increases	2 240 016	1 765 787
Balance at end of Year	12 217 002	11 014 726
Transfer to Current Provisions	1 230 284	1 037 740
Total Long Service Awards Liability	10 986 718	9 976 986

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service, and every 5 years of continuous service thereafter to 45 years, to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2018 by Mr DT Mureriwa, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 683 (2017: 684) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2018 is estimated to be R903 693, whereas the cost for the ensuing year is estimated to be R1 022 124 (30 June 2017: R836 901 and R903 693 respectively).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	8.81%	8.61%
Cost Inflation Rate	6.38%	6.41%
Net Effective Discount Rate	2.28%	2.07%
Expected Retirement Age - Females	65	63
Expected Retirement Age - Males	65	63

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the Year	11 014 726	10 349 564
Interest Cost	903 693	836 901
Current Service Cost	823 147	980 309
Benefits Paid	(1 037 740)	(1 100 625)
Actuarial Losses / (Gains)	513 176	(51 423)

Total Recognised Benefit Liability	12 217 002	11 014 726
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The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	12 217 002	11 014 726
Unfunded Accrued Liability	12 217 002	11 014 726

Total Benefit Liability	12 217 002	11 014 726
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The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	903 693	836 901
Interest cost	823 147	980 309
Actuarial losses / (gains)	513 176	(51 423)

Total Post-retirement Benefit included in Employee Related Costs (Note 32)	2 240 016	1 765 787
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The history of experienced adjustments is as follows:

	2018 R	2017 R	2016 R	2015 R	2014 R
Present Value of Defined Benefit Obligation	12 217 002	11 014 726	10 349 564	9 633 135	8 951 254
Deficit	12 217 002	11 014 726	10 349 564	9 633 135	8 951 254

Experienced adjustments on Plan Liabilities	-	-	500 679	368 596	(117 352)
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**2018
R** **2017
R**

The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:

Increase:

Effect on the aggregate of the current service cost and the interest cost	136 711	127 211
Effect on the defined benefit obligation	788 833	731 057

Decrease:

Effect on the aggregate of the current service cost and the interest cost	(123 820)	(114 992)
Effect on the defined benefit obligation	(718 139)	(664 850)

The municipality expects to make a contribution of R1 915 351 (2017: R1 726 840) to the defined benefit plans during the next financial year.

20 NON-CURRENT PROVISIONS

Bonus	168 167	339 981
Decommissioning, Restoration and Similar Liabilities: Landfill Sites	35 902 941	34 900 817
Total Non-current Provisions	36 071 108	35 240 798

The movement in Non-current Provisions are reconciled as follows:

Staff Benefit Provisions:

	Bonus Provision	Ex-gratia Pension	Leave Provision	Staff Parity
	R	R	R	R
30 June 2018				
Opening Balance	339 981	-	-	-
Increases	168 167	-	-	-
Payments Made	-	-	-	-
Other Reductinos	-	-	-	-
Reversals	(339 981)	-	-	-
Increases (Passage of Time/Discounted Rate)	-	-	-	-
Balance at end of year	168 167	-	-	-

	Bonus Provision	Ex-gratia Pension	Leave Provision	Staff Parity
	R	R	R	R
30 June 2017				
Opening Balance	292 438	-	-	-
Increases	47 543	-	-	-
Payments Made	-	-	-	-
Other Reductinos	-	-	-	-
Reversals	-	-	-	-
Increases (Passage of Time/Discounted Rate)	-	-	-	-
Balance at end of year	339 981	-	-	-

Other Operational Provisions:

	Alien Vegetation	Decomm of Landfill Sites	Decomm of Non-Specific	Insurance Claims	Litigation
	R	R	R	R	R
30 June 2018					
Opening Balance	-	11 123 292	-	-	-
Increases	-	22 730 807	-	-	-
Payments Made	-	(3 436 164)	-	-	-
Other Reductinos	-	-	-	-	-
Reversals	-	-	-	-	-
Increases (Passage of Time/Discounted Rate)	-	5 485 006	-	-	-
Balance at end of year	-	35 902 941	-	-	-

	Alien Vegetation	Decomm of Landfill Sites	Decomm of Non-Specific	Insurance Claims	Litigation
	R	R	R	R	R
30 June 2017					
Opening Balance	-	33 926 665	-	-	-
Increases	-	(72 566)	-	-	-
Payments Made	-	(1 598 339)	-	-	-
Other Reductinos	-	-	-	-	-
Reversals	-	-	-	-	-
Increases (Passage of Time/Discounted Rate)	-	2 645 057	-	-	-
Balance at end of year	-	34 900 817	-	-	-

Bonus Provision: Performance Bonuses accrue to senior managers on an annual basis, subject to certain conditions. The provision has been reversed for the previous year as no performance management system was in place resulting that no bonuses were accrued at the reporting date.

Decommissioning, Restoration and Similar Liabilities - Landfill Sites: (insert a description here) (E.g. Landfill sites decommissioning is estimated by means of a valuation performed by a professional valuator to determine the future cost of dismantling the landfill site. The cost is then reduced to take into account the time value of money at the weighted average borrowing(or investing) rate of the municipality which has been determined as 12.75%.

20.1 Rehabilitation of Land-fill Sites

In terms of the licencing of the landfill refuse sites, the municipality will incur licensing and rehabilitation costs of R45 546 717 (2017: R13 868 945) to restore the sites at the end of their useful lives. Provision has been made for the net present value of the future cost, using the average cost of borrowing interest

The municipality will incur rehabilitation cost on its two dumping/landfill sites in the periods 2023/24 and 2024/25. Provision has been made for the net present value of this cost.

	Proposed Rehabilitation		
Mokopane Landfill	2023/24	32 498 093	11 014 357
Rebone Landfill	2024/25	13 048 624	2 854 588
		45 546 717	13 868 945

21 RESERVES

Capital Replacement Reserve	(1 824 807 781)	193 581 949
Capitalisation Reserve	2 396 127 736	2 292 856 974
Total Reserves	571 319 955	2 486 438 923

24.1 Capital Replacement Reserve

The Capital Replacement Reserve is a reserve to finance future capital expenditure and is fully invested in ring-fenced Financial Instrument Investments.

Reconciliation of the Capital Replacement Reserve:

Opening Balance	193 581 949	327 793 110
Purchases	(21 024 418)	(134 211 161)
Transfers to/from Accumulated Surplus	(1 997 365 312)	-
Transfers to/from Reserves	-	-
Balance at end of year	(1 824 807 781)	193 581 949

24.2 Capitalisation Reserve

The **Capitalisation Reserve** equals the carrying value of the items of property, plant and equipment from the former legislated funds, financed from public contributions and donations and government grants. The Capitalisation Reserve ensures consumer equity and is not backed by cash.

Reconciliation of the Capitalisation Reserve:

Balance at beginning of Year	2 292 856 974	2 091 375 884
Purchases	-	-
Transfers to / from Accumulated Surplus	103 270 762	201 481 090
Transfers to / from Reserves	-	-
Balance at end of Year	2 396 127 736	2 292 856 974

22 ACCUMULATED SURPLUS

Accumulated Surplus / (Deficit) due to the results of Operations	4 415 266 089	3 890 778 314
Total Accumulated Surplus	4 415 266 089	3 890 778 314

Reconciliation of Accumulated Surplus:

Opening Balance	3 870 376 405	4 041 463 612
Changes in Accounting Policy	-	-
Correction of Prior Period Error	(1 730 273 593)	(300 000)
Transfers to/from Accumulated Surplus/(Deficit)	-	-
Transfers to/from Reserves	1 915 118 968	(182 148 659)
Depreciation Offsets	-	114 878 731
Accumulated Surplus As Per Financial Performance	360 044 309	(83 115 369)
Total Accumulated Surplus	4 415 266 089	3 890 778 314

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated

23 PROPERTY RATES

	Property Valuations		Actual Levies	
	July 2018 R000's	July 2017 R000's (Restated)	July 2018 R000's	July 2017 R000's
Property Rates:				
Business and Commercial Properties	1 263 223	1 297 332	23 409 140	-
Communal Land	-	-	-	48 462 995
Farm Properties	-	-	9 887 115	10 836 368
Formal and Informal Settlements	-	-	-	139 408
Industrial Properties	3 026 484	3 010 845	1 602 590	-
Municipal Properties	542 876	530 176	(9 645)	-
Other Categories	287 802	310 335	-	-
Public Benefit Organisations	-	-	101 940	(546 776)
Public Service Infrastructure Properties	-	-	3	-
Residential Properties	4 372 768	4 341 471	28 057 039	-
State-owned Properties	397 460	357 458	1 051 598	726 325
Total Property Rates	9 890 614	9 847 618	64 099 779	59 618 321

23.1 Calculation of Cash Flow:

Property Rates Income	64 099 779	59 618 321
Opening Balance of Debtors: Assessment Rates	127 772 833	118 095 811
Closing Balance of Debtors: Assessment Rates	(142 952 695)	(127 772 833)
Amounts written-off as uncollectable	-	(3 011 400)
Total Receipts for Property Rates	48 919 917	46 929 899

Property Rates are levied on the value of land and improvements, which valuation is performed every four years. The last valuation came into effect on 1 July 2013.

Interim valuations are processed on a continuous basis to take into account changes in individual property values due to alterations and subdivisions.

An general rate is applied as follows to property valuations to determine property rates:

- Residential Properties: 1,0756 c/R (2016/17: 1,0147 c/R)
- Business Properties: 2,1715 c/R (2016/17: 2,0486 c/R)
- Agricultural Properties: 0,2689 c/R (2016/17: 0,2537 c/R)

Welfare Organisations are exempted from the payment of rates, whilst the first R15 000,00 of the valuation on improved residential properties is exempted from the payment of rates.

A rebate of 40,00% (2016/17: 40,00%) was allowed on improved residential properties and flats whilst a discount of 30,00% (2016/17: 30,00%) was granted on properties owned by the State. Welfare organisations are exempted from property rates.

Rates are levied monthly on property owners and are payable the end of each month. Interest is levied at a rate determined by council on outstanding rates amounts.

24 FINES, PENALTIES AND FORFEITS

Traffic Fines	25 955 366	2 171 425
Other Fines	43 448	29 557
Total Fines, Penalties and Forfeits	25 998 815	2 200 982

25 LICENCES AND PERMITS

	Exchange Transactions 2018 R	Exchange Transactions 2017 R	Non-Exchange Transactions 2018 R	Non-Exchange Transactions 2017 R
Market Porters	-	-	18 288.81	28 921.54
Road and Transport:	10 870 906.65	7 141 450.72	1 233.20	1 428 245.81
Drivers Licence Certificate	-	-	1 233	1 371 562.29
Flammable	-	-	-	56 683.52
Motor Vehicle Licence	10 870 907	7 141 450.72	-	-
Total Licences and Permits	10 870 907	7 141 451	19 522	1 457 167

26 TRANSFERS AND SUBSIDIES RECEIVED

Capital Grants			245 254 375	286 452 676
Allocations In-kind			228 891 017	184 089 327
Monetary Allocations			16 363 357	102 363 348
Operational Grants			669 542 256	409 733 632
Allocations In-kind			7 324 970	38 455 632
Monetary Allocations			662 217 286	371 277 999
Total Government Grants and Subsidies			914 796 631	696 186 307

26.1 Capital Grants

	Allocations In-kind		Monetary Allocations	
	2018	2017	2018	2017
National Governments	228 891 017	184 089 327	16 363 357	102 363 348
Total Capital Grants Received	228 891 017	184 089 327	16 363 357	102 363 348

26.2 Operational Grants

	Allocations In-kind		Monetary Allocations	
	2018	2017	2018	2017
District Municipalities	7 324 970	38 455 632	-	-
National Governments	-	-	299 010 286	1 624 999
National Revenue Fund	-	-	363 207 000	369 653 000
Total Operational Grants Received	7 324 970	38 455 632	662 217 286	371 277 999

26.3 Calculation of Cash Flow:

Government Grants and Subsidies Income	914 796 631	696 186 307
Opening Balance of Unspent Government Grants	(19 770 885)	(52 145 440)
Closing Balance of Unspent Government Grants	133 398 243	19 770 885
Total Receipts for Government Grants and Subsidies	1 028 423 988	663 811 752

26.4 Reconciliation per Grant Source

26.4.1 National Governments

Balance unspent at beginning of year	63 950 319	52 145 440
Current year receipts - included in Public Health vote	168 351 855	374 099 910
Conditions met - transferred to Revenue	(98 903 931)	(406 474 465)
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Current Assets (see Note 17)	133 398 243	19 770 885

27 SERVICE CHARGES

Sale of Electricity	224 527 459	180 029 725
Sale of Water	60 003 952	52 567 511
Refuse Removal	13 737 794	13 160 970
Sewerage and Sanitation Charges	15 562 865	786 180
Total Service Charges	313 832 071	246 544 386

27.1 Calculation of Cash Flow:

Service Charges Income	313 832 071	246 544 386
Opening Balance of Debtors: Service Charges	454 459 734	407 115 747
Closing Balance of Debtors: Service Charges	(514 159 312)	(454 459 734)
Amounts written-off as uncollectable	(1 842 552)	-
Total Receipts for Service Charges	252 289 940	199 200 399

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

28 SALES OF GOODS AND RENDERING OF SERVICES

Advertisements	6 452	-
Application Fees for Land Usage	179 968	(1 674 024)
Building Plan Approval	752 587	558 589
Cemetery and Burial	186 661	239 405
Clearance Certificates	98 040	109 518
Drainage Fees	240	-
Entrance Fees	137 802	16 459
Fire Services	3 070	1 178
Legal Fees	88	(4 815)
Library Fees	4 492	-
Management Fees	(446)	-
Membership Fees	-	301
Photocopies and Faxes	15 091	7 632
Sale of Goods	328 855	520 404
Scrap, Waste & Other Goods	558 323	-
Total Sales of Goods and Rendering of Services	2 271 223	(225 353)

29 RENTAL FROM FIXED ASSETS

Straight-lined Operating Lease Revenue		
Investment Property	6 109 982	1 935 631
Other Fixed Assets	942 653	-11 972 000
Other Rental income		
Ad-hoc Rental Income from Other Fixed Assets	456	-
Total Rental of Facilities and Equipment	7 053 091	-10 036 369

Rental income pertaining to Sport Clubs included in Straight-lined Operating Lease Revenue is not at market related premiums. Total rental income of R0 (2017: R0) was earned from these types of institutions. All other rental income recognised was charged as market related premiums.

30 INTEREST, DIVIDENDS AND RENT ON LAND EARNED

Non-exchange Receivables:

Outstanding Billing Debtors	7 891 755	-
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Total Non-exchange Interest Earned

7 891 755	-
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External Investments:

Bank Account	842 611	1 017 546
Investments	6 895 249	5 333 895
Other Deposits	8 549 688	24 762 880

16 287 548	31 114 322
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Outstanding Exchange Receivables:

Outstanding Billing Debtors	31 302 810	10 686 636
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31 302 810	10 686 636
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Total Exchange Interest Earned

47 590 358	41 800 957
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Total Interest, Dividends And Rent On Land Earned

55 482 113.01	41 800 957.45
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30.1 Calculation of Cash Flow:

External Interest Income	16 287 548	31 114 322
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Total Receipts for Interest Received

16 287 548	31 114 322
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Interest Earned on Financial Assets, analysed by category of asset, is as follows:

Available-for-Sale Financial Assets	7 737 860	6 351 441
Held-to-Maturity Investments	8 549 688	24 762 880
Loans and Receivables	39 194 565	10 686 636

55 482 113	41 800 957
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31 OPERATIONAL REVENUE

Administrative Handling Fees	1 415 338	74 009
Default Revenue	-	8 361 953
Incidental Cash Surpluses	8 912	4 342 748
Insurance Refund	585 559	5 211 136
Merchandising, Jobbing and Contracts	2 859	456
Request for Information	1 297	-
Staff Recoveries	95 141	91 395

Total Operational Revenue

2 109 106	18 081 697
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31.1 Calculation of Cash Flow:

Income from Operational Revenue	Note 31	2 109 106	18 081 697
Income from Interest on Outstanding Exchange Receivables	Note 30	31 302 810	10 686 636
Income from Interest on Outstanding Non-exchange Receivables	Note 30	7 891 755	-
Income from Rental from Fixed Assets	Note 29	7 053 091	(10 036 369)
Income from Sales of Goods and Rendering of Services	Note 28	2 271 223	(225 353)
Income from Licences and Permits	Note 25	10 890 429	8 598 618
Income from Fines, Penalties and Forfeits	Note 24	25 998 815	2 200 982
Opening Balance of Debtors: Non-exchange Transactions	Note 4	140 335 588	124 969 089
Opening Balance of Debtors: Assessment Rates	Note 4	(127 772 833)	(118 095 811)
Closing Balance of Debtors: Non-exchange Transactions	Note 4	(291 179 934)	(140 335 588)
Closing Balance of Debtors: Assessment Rates	Note 4	142 952 695	127 772 833
Amounts written-off as uncollectable	Note 4	-	-
Opening Balance of Operating Lease Receivables	Note 7	86 051	90 327
Closing Balance of Operating Lease Receivables	Note 7	(92 388)	(86 051)
Opening Balance of Current Portion of Long-term Receivables	Note 8	6 153 876	2 304 594
Closing Balance of Current Portion of Long-term Receivables	Note 8	(11 958 261)	(6 153 876)
Opening Balance of Consumer Deposits	Note 15	(22 267 558)	(21 277 415)
Closing Balance of Consumer Deposits	Note 15	123 701 324	22 267 558

Total Receipts for Other Revenue		47 475 789	20 761 871
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The amounts disclosed above for Other Revenue are in respect of services, other than described in Notes 23 to 29, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

32 EMPLOYEE RELATED COSTS

Salaries and Wages:			
- Basic		138 388 256	120 306 422
Bonusses		(171 814)	-
Leave Payments		8 578 203	2 255 446
Overtime		19 166 592	19 409 861
Allowances:			
- Acting and Post Related Allowances		272 102	-
- Bonus Allowance		10 789 774	9 293 369
- Cellular and Telephone		4 265 041	3 085 409
- Entertainment		-	4 858
- Housing Benefits		855 744	1 288 486
- Standby Allowance		2 180 697	1 905 400
- Travel or Motor Vehicle		18 720 141	15 540 640
- Uniform / Special / Protective Clothing		499 563	-
Social Contributions:			
- Bargaining Council		78 969	74 412
- Medical		8 045 692	7 370 112
- Pension		28 696 166	26 757 305
- Unemployment Insurance		1 153 422	1 135 114
Post-retirement Benefits:			
- Current Service Cost		3 104 121	4 517 663
- Interest Cost		6 072 308	7 285 760
- Actuarial Gains and Losses		(10 499 174)	(7 781 253)
Long-term Service Awards		2 240 016	-
Less: Employee Costs allocated to Property, Plant and Equipment		1 007 743	-
Total Employee Related Costs		243 443 560	212 449 004

32.1 Calculation of Cash Flow:

Employee Related Costs Expenditure		243 443 560	212 449 004
Opening Balance of Current Provision for Performance Bonuses	Note 15	-	-
Closing Balance of Current Provision for Performance Bonuses	Note 15	-	-
Opening Balance of Current Employee Benefit Liabilities	Note 15	2 856 685	2 842 353
Closing Balance of Current Employee Benefit Liabilities	Note 15	(2 582 315)	(2 856 685)
Opening Balance of Current Staff Benefit Provisions	Note 15	24 969 673	(156 224)
Closing Balance of Current Staff Benefit Provisions	Note 15	(1 192 148)	156 224
Opening Balance of Non-current Employee Benefit Liabilities	Note 19	77 758 782	76 593 297
Closing Balance of Non-current Employee Benefit Liabilities	Note 19	(76 423 238)	(77 758 782)
Opening Balance of Non-current Staff Benefit Provisions	Note 20	339 981	292 438
Closing Balance of Non-current Staff Benefit Provisions	Note 20	(168 167)	(339 981)

Total Payments for Employee Related Costs		269 002 813	211 221 644
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No advances were made to employees. Loans to employees are set out in Note 14.

Remuneration of Section 57 Employees:

Remuneration of the Municipal Manager

Annual Remuneration	140 599	113 838
Bonus	-	12 455
Car and Other Allowances	22 052	13 503
Company Contributions to UIF, Medical and Pension Funds	-	-
Total	162 651	139 795

The post was vacant from 01 July 2016 to 30 June 2018. Acting Allowances were paid for the period.

Remuneration of the Chief Financial Officer

Annual Remuneration	-	21 650
Bonus	-	-
Car and Other Allowances	62 870	64 020
Company Contributions to UIF, Medical and Pension Funds	-	-
Total	62 870	85 671

The post was vacant as from 01 July 2016 to 30 June 2018. An Acting Allowance was paid for the

Remuneration of the Manager: Community Services

Annual Remuneration	1 044 986	1 277 124
Bonus	91 844	103 503
Car and Other Allowances	165 149	136 002
Company Contributions to UIF, Medical and Pension Funds	196 936	243 516
Total	1 498 915	1 760 145

The post was vacant as from 01 June 2018 to 30 June 2018. Acting Allowances were paid for the

Remuneration of the Manager: Corporate Support Services

Annual Remuneration	292 234	281 451
Bonus	18 840	10 962
Car and Other Allowances	61 566	83 165
Company Contributions to UIF, Medical and Pension Funds	-	-
Total	372 640	375 578

The post was vacant from 01 July 2016 to 30 June 2018. Acting Allowances were paid for the period.

Remuneration of the Manager: Developmental Services

Annual Remuneration	153 132	218 436
Bonus	11 447	-
Car and Other Allowances	8 732	31 589
Company Contributions to UIF, Medical and Pension Funds	13 033	-
Total	186 345	250 026

Remuneration of the Manager: Technical Services

Annual Remuneration	61 920	203 173
Bonus	-	-
Car and Other Allowances	-	-
Company Contributions to UIF, Medical and Pension Funds	-	-
Total	61 920	203 173

The post was vacant from 01 July 2016 to 30 June 2018. Acting Allowances were paid for the period.

Remuneration of the Manager: Traffic and Emergency Services

Annual Remuneration	839 960	676 013
Bonus	65 067	61 111
Car and Other Allowances	131 554	80 355
Company Contributions to UIF, Medical and Pension Funds	163 157	-
Total	1 199 738	817 478

The following compensation was payable to key management personnel in terms of GRAP 25 as at 30

Staff Leave Benefits:-

Manager: Community Services	-	292 514
Manager: Developmental Services	7 618	-
Manager: Traffic and Emergency Services	116 066	77 270
Total	123 684	369 783

33 REMUNERATION OF COUNCILLORS

Executive Mayor	344 164	362 645
Speaker	271 988	-
Chief Whip	264 823	-
Executive Committee	2 524 638	469 273
Total for All Other Councillors	6 620 152	17 393 393
Total Councillors' Remuneration	10 025 765	18 225 312

Remuneration of Councillors:

In-kind Benefits

The Councillors occupying the positions of Mayor, Speaker, Chief Whip and four members of the Executive Committee of the municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the municipality in order to enable them to perform their official duties.

The Mayor has use of a Council owned vehicle for official duties.

Security Services were rendered at the houses of the Mayor, Speaker and Chief Whip at the expense of the municipality.

Refer to Appendix G for more detail.

34 DEPRECIATION AND AMORTISATION

Depreciation: Property, Plant and Equipment	101 144 329	341 552 658
Depreciation: Investment Property	113 868	-
Amortisation: Intangible Assets	294 115	-
Total Depreciation and Amortisation	101 552 312	341 552 658

35 IMPAIRMENT LOSSES

Impairment Losses on Fixed Assets	-	-
Impairment Losses on Financial Assets	86 291 003	37 233 035
Total Impairment Losses	86 291 003	37 233 035

35.1 Impairment Losses on Financial Assets

Impairment Losses Recognised:

Other Receivables from Non-exchange Revenue	25 730 457	-
Trade and Other Receivables from Exchange Transactions	-	-
Bad Debts Written Off	60 560 546	37 233 035
	86 291 003	37 233 035

36 INTEREST, DIVIDENDS AND RENT ON LAND PAID

Interest Paid:	2 839 949	2 868 974
- Interest costs non-current Provisions	2 839 949	2 868 974
- Long Service Awards	-	-
- Overdue Accounts	-	-
Rent on Land	-	-
Total Interest, Dividends and Rent on Land	2 839 949	2 868 974

36.1 Calculation of Cash Flow:

Finance Cost Expenditure	2 839 949	2 868 974
Total Payments for Finance Costs	2 839 949	2 868 974

37 BULK PURCHASES

Electricity	194 938 852	148 585 895
Water	36 001 726	36 058 819
Total Bulk Purchases	230 940 577	184 644 715

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom whilst Water is purchased from Lepelle Northern Water and "Uitloop Water Beleggings".

38 CONTRACTED SERVICES

Outsourced Services	15 500 761	(7 086 073)
Consultants and Professional Services	210 966 046	187 533 899
Contractors	65 981 032	102 424 734
Total Contracted Services	292 447 839	282 872 560

43.1 Outsourced Services

Alien Vegetation Control	-	1 471 493
Business and Advisory	6 622 416	193 553
Catering Services	42 075	180 270
Clearing and Grass Cutting Services	1 804 685	803 152
Connection/Dis-connection	900 157	(1 567 666)
Electrical	98 537	-
Illegal Dumping	-	529 830
Litter Picking and Street Cleaning	-	6 292
Meter Management	-	116 441
Personnel and Labour	-	4 133 864
Refuse Removal	4 200	99 737
Sewerage Services	-	(15 927 055)
Water Takers	6 028 692	2 874 016
	15 500 761	(7 086 073)

43.2 Consultants and Professional Services

Business and Advisory	15 579 121	17 489 850
Infrastructure and Planning	179 217 444	157 606 669
Laboratory Services	42 270	80 686
Legal Cost	16 127 210	12 356 695
	210 966 046	187 533 899

43.3 Contractors

Audio-visual Services	-	76 624
Catering Services	4 138	394 300
Electrical	39 572	25 504 039
Employee Wellness	457 278	398 694
First Aid	-	1 468
Gardening Services	14 196	-
Maintenance of Buildings and Facilities	77 581	467 785
Maintenance of Equipment	7 619 074	612 859
Maintenance of Unspecified Assets	14 032 439	38 538 569
Medical Services	134 144	-
Safeguard and Security	40 534 179	33 506 161
Tracing Agents and Debt Collectors	2 903 632	1 803 869
Traffic and Street Lights	147 510	1 120 364
Transportation	17 289	-
	65 981 032	102 424 734

39 INVENTORY CONSUMED

Consumables		21 119 858	333 999
Materials and Supplies		(1 870 764)	26 565 950
		19 249 094	26 899 949

39.1 Calculation of Cash Flow:

Expenditure for Inventory Consumed	Note 39	19 249 094	26 899 949
Expenditure for Contracted Services	Note 38	292 447 839	282 872 560
Expenditure for Bulk Purchases	Note 37	230 940 577	184 644 715
Opening Balance of Payables: Exchange Transactions	Note 16	286 414 265	274 940 877
Closing Balance of Payables: Exchange Transactions	Note 16	(267 236 623)	(286 414 265)
Opening Balance of Inventories	Note 2	(9 125 109)	(9 970 906)
Closing Balance of Inventories	Note 2	30 175 966	9 125 109
Other Transfers of Assets	Note 9	380 870 152	6 527 371
Total for Suppliers Paid		963 736 160	488 625 410

40 TRANSFERS AND SUBSIDIES PAID

Capital Grants:		-	-
Operational Grants:		1 212 043	221 337
Allocations In-kind		1 078 934	95 644
Monetary Allocations		133 109	125 693
Total Transfers and Subsidies Paid		1 212 043	221 337

40.1 Capital Grants

	Allocations In-kind		Monetary Allocations	
	2018	2017	2018	2017
Departmental Agencies and Accounts	-	-	-	-
Households	-	-	-	-
Non-profit Institutions	-	-	-	-
Total Capital Grants Paid	-	-	-	-

40.2 Operational Grants

	Allocations In-kind		Monetary Allocations	
	2018	2017	2018	2017
Departmental Agencies and Accounts	-	59 728	-	-
Households	1 078 934	35 916	-	-
Non-profit Institutions	-	-	133 109	125 693
Total Operational Grants Paid	1 078 934	95 644	133 109	125 693

41 OPERATING LEASES

Computer Equipment	461 960	413 680
Furniture and Office Equipment	80 754	16 233
Infrastructure	3 504 000	792 750
Machinery and Equipment	62 259	750 172
Other Assets	-	266 129
Transport Assets	-	8 448 199
Total for Operating Leases	4 108 972	10 687 164

42 OPERATIONAL COSTS

Included in General Expenses are the following:

Advertising, Publicity and Marketing	3 216 296	3 343 880
Bank Charges, Facility and Card Fees	1 182 078	1 059 731
Bargaining Council	2 955 790	2 799 550
Bursaries (Employees)	397 043	248 384
Commission	10 346	(8 246)
Communication	2 864 270	3 170 486
Contribution to Provisions	(927 561)	(1 595 206)
Deeds	79 991	46 639
Entertainment	11 225	26 263
External Audit Fees	878 157	3 256 720
External Computer Service	1 413 978	1 016 390
Fines and Penalties	-	(112 569)
Hire Charges	4 300	-
Indigent Relief	11 494 670	1 603 939
Insurance Underwriting	6 298 260	7 215 851
Levies Paid - Water Resource Management Charges	310 243	317 750
Licences	639 852	-
Municipal Services	4 588 140	-
Printing, Publications and Books	1 876 412	5 798 074
Professional Bodies, Membership and Subscription	15 074	37 655
Registration Fees	21 622	581 780
Remuneration to Ward Committees	3 883 130	1 238 260
Servitudes and Land Surveys	68 000	-
Skills Development Fund Levy	1 445 993	1 914 258
Small Differences Tolerances	(0)	1 185 600
System Access and Information Fees	-	4 853
Toll Gate Fees	11 356	-
Travel and Subsistence	6 357 289	3 945 106
Uniform and Protective Clothing	1 417 662	1 281 249
Vehicle Tracking	1 154 376	-
Workmen's Compensation Fund	1 202 832	950 000
Total Operational Costs	52 870 824	39 326 400

42.1 Calculation of Cash Flow:

Expenditure for Operational Costs	Note 42	52 870 824	39 326 400
Expenditure for Operating Leases	Note 41	4 108 972	10 687 164
Expenditure for Transfers and Subsidies Paid	Note 40	1 212 043	221 337
Opening Balance of Current Other Operating Provisions	Note 15	300 000	300 000
Closing Balance of Current Other Operating Provisions	Note 15	(300 000)	(300 000)
Opening Balance of Non-current Other Operating Provisions	Note 20	11 123 292	33 926 665
Closing Balance of Non-current Other Operating Provisions	Note 20	(35 902 941)	(34 900 817)
Correction of Prior Year Errors		1 750 675 502	300 000
Total for Other Payments		1 784 087 692	49 560 750

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not direct attributable to a specific service or class of expense. Inter-departmental Charges are charged to other trading and economic services for support services

45.3 Travel and Subsistence

Domestic	6 357 289	3 945 106
Accommodation	1 071 377	3 958 662
Daily Allowance	2 403	-
Food and Beverage (Served)	32 527	-
Incidental Cost	2 977	(29 553)
Transport without Operator	5 230 350	15 998
Transport with Operator	17 655	-
	6 357 289	3 945 106

42.2 Material Losses

Glass
Property Damages
Public Liability
Theft
Vehicle Damages
Distribution Losses:
Electricity Losses
Water Losses

55 070 850	55 240 739
8 762	2 950
10 000	-
14 458	229 829
-	266 828
127 258	21 560
46 381 545	37 494 078
8 528 828	17 225 494

The amounts disclosed above for **Electricity and Water Losses** are in respect of costs incurred in the general management of the municipality and not directly attributable to a specific service or class of expense (See Note 53.9).

No other extra-ordinary expenses were incurred.

43 GAINS / LOSSES ON DISPOSAL OF CAPITAL ASSETS**Gains:**

Property, Plant and Equipment

8 492 990 11 096 192

Total Gains on Disposal of Capital Assets

8 492 990 11 096 192

Losses:

Property, Plant and Equipment

Total Losses on Disposal of Capital Assets

8 492 990 11 096 192

Total Gains / (Losses) on Disposal of Capital Assets

- -

44 CORRECTION OF ERROR

The municipality implemented the Municipal Standard Chart of Accounts (mSCOA) during the year ended 30 June 2018 as required in terms of the Municipal Regulations on Standard Chart of Accounts, announced by Government Gazette No 37577 of 22 April 2014, in section 168 of the Local Government: Municipal Finance Management Act (Act 56 of 2003) and through directives and guidelines from National Treasury.

The implementation of MSCOA as stated above resulted in certain descriptions and amounts being restated. Other corrections were also made during the previous financial years. Details of the corrections are described below:

44.1 Reclassification of Accumulated Surplus

The prior year figures of Accumulated Surplus has been restated to correctly disclose the monies held by the municipality in terms of the

The effect of the changes are as follows:

		Accumulated Surplus
Balances published as at 30 June 2016		6 476 540 537
Correction of Error as per Note 44.4:-		
Reallocation in terms of mSCOA Classification	(2 419 168 994)	
Restatement of Landfill Site Rehabilitation	(22 730 807)	
Restatement of Unspent Grants	6 822 876	(2 435 076 926)
Restated Balances as at 30 June 2016		4 041 463 612
		-
Transactions incurred for the Year 2016/17		(119 725 209)
Correction of Error as per Note 44.4:-		
Reallocation in terms of mSCOA Classification	(67 269 929)	
Restatement of Landfill Site Rehabilitation	(1 046 718)	
Restatement of Unspent Grants	37 356 558	(30 960 089)
Restated Balances as at 30 June 2017		3 890 778 314

44.2 Reclassification of Revenue

The prior year descriptions of Revenue Classes have been restated to be aligned to the MSCOA regulation items.

2016/17 Prior Year Revenue Items	2016/17 Restated Revenue Items	
Non-exchange Transactions	Non-exchange Transactions	
Property Rates	Property Rates	- No change
Rates - Penalties & Collection Charges		- Consolidated to "Fines, Penalties and Forfeits"
Fines	Fines, Penalties and Forfeits	- Restated
Licences and Permits	Licences and Permits	- Restated to "Exchange or Non-exchange"
Government Grants & Subsidies Received	Transfers and Subsidies	- Restated
Public Contributions & Donations		- Restated to "Transfers and Subsidies"
	Surcharges and Taxes	- New Classification Class
	Interest, Dividends and Rent on Land Ea	- New Classification Class
Exchange Transactions	Exchange Transactions	
	Licences and Permits	- New Classification Class
Service Charges	Service Charges	- No change
	Sales of Goods & Rendering of Services	- New Classification Class
Rental of Facilities & Equipment	Rental from Fixed Assets	- No change
Interest Earned - External Investments	Interest, Dividends and Rent on Land Ea	- Restated to "Interest, Dividends & Rent"
Interest Earned - Outstanding Debtors		- Restated to "Interest, Dividends & Rent"
Dividends Received		- Restated to "Interest, Dividends & Rent"
Income from Agency Services	Income from Agency Services	- No change
Royalties Received		- Restated to "Interest, Dividends & Rent"
Operational Revenue	Operational Revenue	- Restated to new classes as required
	Intercompany/Parent-subsidiary Trans	- New Classification Class
Gains on Other Operations	Gains on Other Operations	- No change
Gains on Disposal of Capital Assets	Gains on Disposal of Capital Assets	- No change
Profit on Sale of Land	Profit on Sale of Land	- No change

The prior year figures of Revenue Classes have been restated to correctly classify the nature of Revenue of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2016/17 Audited	Reclassify to MSCOA	Restated Amount i.t.o. MSCOA	Correction of Error	Restated Amount 2016/17
Property Rates	59 618 321	-	59 618 321	-	59 618 321
Fines	2 286 246	(2 286 246)	-	-	-
Fines, Penalties and Forfeits	-	2 200 982	2 200 982	-	2 200 982
Licences and Permits	85 605	1 371 562	1 457 167	-	1 457 167
Government Grants & Subsidies	678 655 290	(678 655 290)	-	-	-
Transfers and Subsidies	-	658 228 307	658 228 307	37 958 000	696 186 307
Licences and Permits	-	7 141 451	7 141 451	-	7 141 451
Service Charges	304 626 117	(58 081 731)	246 544 386	-	246 544 386
Sales of Goods & Rendering of Services	-	(225 353)	(225 353)	-	(225 353)
Rental of Facilities and Equipment	1 821 148	(1 821 148)	-	-	-
Interest Earned - External Investments	31 114 322	(31 114 322)	-	-	-
Interest Earned - Outstanding Debtors	10 686 636	(10 686 636)	-	-	-
Interest, Dividends and Rent Earned	-	(10 036 369)	(10 036 369)	-	(10 036 369)
Income from Agency Services	8 889 834	32 911 123	41 800 957	-	41 800 957
Operational Revenue	11 487 390	6 594 307	18 081 697	-	18 081 697
Gains on Disposal of Capital Assets	-	11 096 192	11 096 192	-	11 096 192
Profit on Sale of Land	(875 808)	875 808	-	-	-
	1 108 395 100	(72 487 362)	1 035 907 739	37 958 000	1 073 865 739

Prior year amounts of items in **Revenue** included in the Statement of Financial Performance have been restated as indicated below:

	Service Charges	Sale of Goods & Services	Operational Revenue	Profit on Sale of Land
Balance previously reported	304 626 117	-	11 487 390	(875 808)
Reallocation in terms of mSCOA Classification	(58 081 731)	(225 353)	6 594 307	875 808
Restated Balance now reported	246 544 386	(225 353)	18 081 697	-

	Property Rates	Fines	Fines & Penalties	Exch Licences and Permits
Balance previously reported	59 618 321	2 286 246	-	85 605
Reallocation in terms of mSCOA Classification		(2 286 246)	2 200 982	1 371 562
Restated Balance now reported	59 618 321	-	2 200 982	1 457 167
	Government Grants	Public Donations	Transfers & Subsidies	Agency Services
Balance previously reported	678 655 290	-	-	8 889 834
Reallocation in terms of mSCOA Classification	(678 655 290)	-	658 228 307	32 911 123
Restatement of Unspent Grants			37 958 000	
Restated Balance now reported	-	-	696 186 307	41 800 957
	Interest: Investments	Interest: Debtors	Non-exchange Interest	Non-exchange Interest
Balance previously reported	31 114 322	10 686 636	-	-
Reallocation in terms of mSCOA Classification	(31 114 322)	(10 686 636)	-	(10 036 369)
Restated Balance now reported	-	-	-	(10 036 369)
	N/Ex Licences and Permits	Rental of Facilities	Rental from Fixed Assets	Gains disposal of Assets
Balance previously reported	-	1 821 148	-	-
Reallocation in terms of mSCOA Classification	7 141 451	(1 821 148)		11 096 192
Restated Balance now reported	7 141 451	-	-	11 096 192

44.3 Reclassification of Expenditure

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2016/17 Audited	Reclassify to MSCOA	Restated Amount i.t.o. MSCOA	Correction of Error	Restated Amount 2016/17
Employee Related Costs	213 836 628	(1 387 624)	212 449 004	-	212 449 004
Remuneration of Councillors	19 928 433	(1 703 122)	18 225 312	-	18 225 312
Collection Costs	1 868 968	(1 868 968)	-	-	-
Depreciation and Amortisation	341 542 967	9 691	341 552 658	-	341 552 658
Impairment Losses	37 233 035	-	37 233 035	-	37 233 035
Repairs and Maintenance	214 811 923	(214 811 923)	-	-	-
Finance Costs	223 917	(223 917)	-	-	-
Interest, Dividends and Rent on Land	-	223 917	223 917	2 645 057	2 868 974
Bulk Purchases	211 016 811	(26 372 096)	184 644 715	-	184 644 715
Contracted Services	60 246 359	222 024 759	282 271 118	601 442	282 872 560
Inventory Consumed	-	26 899 949	26 899 949	-	26 899 949
Transfers and Subsidies Paid	31 725 504	(31 504 167)	221 337	-	221 337
Operating Leases	-	10 687 164	10 687 164	-	10 687 164
Operational Costs	95 385 764	(54 461 025)	40 924 739	(1 598 339)	39 326 400
Surplus / (Deficit) for the Year	(119 425 209)	(0)	(119 425 209)	36 309 840	(83 115 369)
	1 108 395 100	-72 487 362	1 035 907 739	37 958 000	1 073 865 739

Prior year amounts of items in **Expenditure** included in the Statement of Financial Performance have been restated as indicated below:

	Employee Costs	Remuneration Councillors	Depreciation & Amortisation	Impairment Losses
Balance previously reported	213 836 628	19 928 433	341 542 967	37 233 035
Reallocation in terms of mSCOA Classification	(1 387 624)	(1 703 122)	9 691	-
Restated Balance now reported	212 449 004	18 225 312	341 552 658	37 233 035

	Collection Costs	Repairs & Maintenance	Contracted Services	Inventory Consumed
Balance previously reported	1 868 968	214 811 923	60 246 359	-
Reallocation in terms of mSCOA Classification	(1 868 968)	(214 811 923)	222 024 759	26 899 949
Restatement of Unspent Grants			601 442	
Restated Balance now reported	-	-	282 872 560	26 899 949
			Finance Costs	Interest, Dividends & Rent
Balance previously reported			223 917	-
Reallocation in terms of mSCOA Classification			(223 917)	223 917
Restatement of Interest Cost on Landfill Sites as per Actuarial Report				2 645 057
Restated Balance now reported			-	2 868 974
			Bulk Purchases	Transfers & Subsidies Paid
Balance previously reported			211 016 811	31 725 504
Reallocation in terms of mSCOA Classification			(26 372 096)	(31 504 167)
Restated Balance now reported			184 644 715	221 337
		Operating Leases	Operational Costs	Loss on Disposal PPE
Balance previously reported		-	95 385 764	-
Reallocation in terms of mSCOA Classification		10 687 164	(54 461 025)	
Restatement of Contribution to Landfill Sites as per Actuarial Report			(1 598 339)	
Restated Balance now reported		10 687 164	39 326 400	-

44.4 Reclassification of Statement of Financial Position

The prior year figures of Classes in the Statement of Financial Position have been restated to correctly classify the nature of Assets, Liabilities and Net Assets of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2016/17 Audited	MSCOA Reclassification	MSCOA Restated Amount	Correction of Error	Restated Amount 2016/17
Current Assets					
Inventories	9 125 109	-	9 125 109	-	9 125 109
Receivables from Exchange Transactions	105 885 181	(26 291 571)	79 593 610	31 540 546	111 134 156
Receivables from Non-exchange Transaction	50 995 326	29 991 371	80 986 697	(31 540 546)	49 446 151
VAT Receivable	113 601 455	-	113 601 455	-	113 601 455
Cash and Cash Equivalents	217 425 666	1 830 215	219 255 882	-	219 255 882
Operating Lease Receivables	86 051	0	86 051	-	86 051
Current Portion of Long-term Receivables	6 153 876	-	6 153 876	-	6 153 876
Non-Current Assets					
Property, Plant and Equipment	6 268 489 354	-	6 268 489 354	-	6 268 489 354
Intangible Assets	1 985 093	-	1 985 093	-	1 985 093
Investment Property	35 359 425	-	35 359 425	-	35 359 425
Heritage Assets	5 736 342	-	5 736 342	-	5 736 342
Long-term Receivables	1 082 056	371 259	1 453 315	-	1 453 315
Current Liabilities					
Consumer Deposits	(21 110 674)	(1 156 884)	(22 267 558)	-	(22 267 558)
Provisions	(3 496 666)	(28 990 048)	(32 486 714)	29 330 029	(3 156 685)
Payables from Exchange Transactions	(220 709 313)	(36 374 922)	(257 084 236)	(29 330 029)	(286 414 265)
Payables from Non-exchange Transactions	(60 960 561)	60 960 561	-	-	-
Unspent Conditional Grants and Receipts	(63 950 319)	-	(63 950 319)	44 179 434	(19 770 885)
Non-Current Liabilities					
Employee Benefit Liabilities	(77 758 782)	-	(77 758 782)	-	(77 758 782)
Non-current Provisions	(11 123 292)	(339 981)	(11 463 273)	(23 777 525)	(35 240 798)
Net Assets					
Reserves	-	(2 486 438 923)	(2 486 438 923)	-	(2 486 438 923)
Accumulated Surplus / (Deficit)	(6 356 815 328)	2 486 438 923	(3 870 376 405)	(20 401 909)	(3 890 778 314)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(0)</u>	<u>-</u>

Opening balances and prior year amounts of items in the Statement of Financial Position have been restated as indicated below:

	Receivables: Exchange	Receivables: Non-exchange	VAT Receivable	VAT Payable
Balances previously published per AFS as at 30 June 2016	103 103 792	39 793 251	42 917 817	-
Reallocation in terms of mSCOA Classification	(43 032 679)	32 227 091	-	-
Adjustment for Impairment in terms of mSCOA	31 477 039	(31 477 039)		
Balances now published per AFS as at 30 June 2016	91 548 152	40 543 304	42 917 817	-
Transactions incurred for the Year 2016/17	2 781 388	11 202 075	70 683 638	-
Reallocation in terms of mSCOA Classification	16 741 108	(2 235 720)	-	-
Adjustment for Impairment in terms of mSCOA	63 508	(63 508)		
Balances now published per AFS as at 30 June 2017	111 134 156	49 446 151	113 601 455	-
		Lease Receivables	Property, Plant & Equipment	Construction Work-in-Progress
Balances previously published per AFS as at 30 June 2016		90 327	6 165 112 887	-
Reallocation in terms of mSCOA Classification		-	-	-
Balances now published per AFS as at 30 June 2016		90 327	6 165 112 887	-
Transactions incurred for the Year 2016/17		(4 276)	103 376 467	-
Reallocation in terms of mSCOA Classification		-	-	-
Balances now published per AFS as at 30 June 2017		86 051	6 268 489 354	-

	Inventories	Assets Held-for-Sale	Cash Equivalents	Current LT Receivables
Balances previously published per AFS as at 30 June 2016	9 970 906	-	525 442 644	2 304 594
Reallocation in terms of mSCOA Classification	-	-	1 524 395	-
Balances now published per AFS as at 30 June 2016	9 970 906	-	526 967 040	2 304 594
Transactions incurred for the Year 2016/17	(845 797)	-	(308 016 978)	3 849 283
Reallocation in terms of mSCOA Classification	-	-	305 820	-
Balances now published per AFS as at 30 June 2017	9 125 109	-	219 255 882	6 153 876
	Intangible Assets	Investment Property	Heritage Assets	Long-term Receivables
Balances previously published per AFS as at 30 June 2016	1 780 828	35 662 945	5 736 342	219 962
Reallocation in terms of mSCOA Classification	-	-	-	95 987
Balances now published per AFS as at 30 June 2016	1 780 828	35 662 945	5 736 342	315 949
Transactions incurred for the Year 2016/17	204 265	(303 520)	-	862 094
Reallocation in terms of mSCOA Classification	-	-	-	275 271
Balances now published per AFS as at 30 June 2017	1 985 093	35 359 425	5 736 342	1 453 315
	Provisions	Payables: Exchange	Payables: Non-exchange	Non-current Provisions
Balances previously published per AFS as at 30 June 2016	(3 434 791)	(226 488 448)	(58 628 555)	(11 195 858)
Reallocation in terms of mSCOA Classification	(29 243 514)	(18 916 477)	58 628 555	(292 438)
Reallocation of Bonus Accrual in terms of GRAP Classification	4 722 503	(4 722 503)		
Reallocation of Leave Accrual in terms of GRAP Classification	24 813 449	(24 813 449)		
Restatement of Landfill Sites as per Actuarial Report				(22 730 807)
Balances now published per AFS as at 30 June 2016	(3 142 353)	(274 940 877)	-	(34 219 103)
Transactions incurred for the Year 2016/17	(61 875)	5 779 134	(2 332 005)	72 566
Reallocation in terms of mSCOA Classification	253 466	(17 458 445)	2 332 005	(47 543)
Reallocation of Bonus Accrual in terms of GRAP Classification	156 224	(156 224)		
Reallocation of Leave Accrual in terms of GRAP Classification	(362 147)	362 147		
Restatement of Landfill Sites as per Actuarial Report				(1 046 718)
Balances now published per AFS as at 30 June 2017	(3 156 685)	(286 414 265)	-	(35 240 798)
	Consumer Deposits	Unspent Grants	Retirement Benefits	Reserves
Balances previously published per AFS as at 30 June 2016	(20 286 493)	(58 968 316)	(76 593 297)	-
Reallocation in terms of mSCOA Classification	(990 922)	-	-	(2 419 168 994)
Restatement of Unspent Grants		6 822 876		
Balances now published per AFS as at 30 June 2016	(21 277 415)	(52 145 440)	(76 593 297)	(2 419 168 994)
Transactions incurred for the Year 2016/17	(824 180)	(4 982 003)	(1 165 485)	-
Reallocation in terms of mSCOA Classification	(165 963)	-	-	(67 269 929)
Restatement of Unspent Grants		37 356 558		
Balances now published per AFS as at 30 June 2017	(22 267 558)	(19 770 885)	(77 758 782)	(2 486 438 923)

45 CASH GENERATED BY OPERATIONS

Surplus / (Deficit) for the Year	360 044 309	(83 115 369)
Adjustment for:		
Correction of Prior Year Errors	(1 730 273 593)	(300 000)
Depreciation and Amortisation	101 552 312	341 552 658
Losses / (Gains) on Disposal of Capital Assets	(8 492 990)	(11 096 192)
Other Movement on Property, Plant and Equipment	(375 800 728)	(6 517 680)
Contribution to Post-retirement Employee Benefits	(993 245)	2 256 383
Contribution to Long Service Awards Liability	2 240 016	1 765 787
Bad Debts Written-off	(111 104 946)	(2 976 746)
Operating surplus before working capital changes	(1 762 828 865)	241 568 841
Decrease/(Increase) in Inventories	(21 050 857)	845 797
Decrease/(Increase) in Receivables from Exchange Transactions	(59 699 579)	(47 343 987)
Decrease/(Increase) in Receivables from Non-exchange Transactions	(150 844 347)	(15 366 499)
Decrease/(Increase) in VAT Receivable	22 270 837	(70 683 638)
Decrease/(Increase) in Operating Lease Receivables	(6 337)	4 276
Decrease/(Increase) in Current Portion of Long-term Receivables	(5 804 385)	(3 849 283)
Increase/(Decrease) in Consumer Deposits	101 433 766	990 143
Increase/(Decrease) in Payables from Exchange Transactions	(19 177 641)	11 473 388
Increase/(Decrease) in Conditional Grants and Receipts	113 627 357	(32 374 555)
Cash generated by / (utilised in) Operations	(1 782 080 049)	85 264 482

46 NON-CASH INVESTING AND FINANCING TRANSACTIONS

The municipality did not enter into any Non-cash Investing and Financing Transactions during the 2017/18 financial year.

47 FINANCING FACILITIES

Unsecured Fleet Card Facility, reviewed annually and payable monthly:

- Amount used	341 466	2 197 216
- Amount unused	658 534	(1 197 216)
	1 000 000	1 000 000

48 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

48.1 Unauthorised Expenditure

Reconciliation of Unauthorised Expenditure:

Opening balance	2 363 162 154	217 766 900
Unauthorised Expenditure current year	1 117 369 419	2 145 395 254
Approved by Council or condoned	-	-
To be recovered – contingent asset (see Note 59)	-	-
Transfer to receivables for recovery (see Note 4)	-	-
Unauthorised Expenditure awaiting authorisation	3 480 531 572	2 363 162 154

Incident	Disciplinary Steps / Criminal Proceedings
<i>Budgeted votes exceeded:-</i>	
- Executive and Council - R98 802 855 (2017: R215 693 653)	To be condoned by Council
- Budget and Treasury Office - R91 365 443 (2017: R210 242 788)	To be condoned by Council
- Corporate Services - R1 567 937 (2017: R0)	To be condoned by Council
- Community and Social Services - R13 202 396 (2017: R70 313 240)	To be condoned by Council
- Public Safety - R11 585 058 (2017: R19 882 964)	To be condoned by Council
- Sport and Recreation - R10 920 312 (2017: R30 606 295)	To be condoned by Council
- Housing - R206 540 (2017: R1 793 987)	To be condoned by Council
- Planning and Development - R5 252 474 (2017: R46 436 463)	To be condoned by Council
- Roads and Transport - R323 503 475 (2017: R553 589 359)	To be condoned by Council
- Electricity - R230 271 692 (2017: R491 617 388)	To be condoned by Council
- Waste Management - R38 636 515 (2017: R64 668 369)	To be condoned by Council
- Waste Water Management - R62 654 184 (2017: R2 828 508)	To be condoned by Council
- Water - R228 490 197 (2017: R399 065 979)	To be condoned by Council
- Other - R910 339 (2017: R2 202 215)	To be condoned by Council (2017: Under investigation)
- Total budgeted expenditure exceeded - R0 (2017: R36 454 045)	To be condoned by Council
<i>Budgeted items exceeded, included above - R95 315 031 (2017: R0)</i>	

48.2 Fruitless and Wasteful Expenditure

Reconciliation of Fruitless and Wasteful expenditure:

Opening balance	1 838 129	1 240 802
Fruitless and Wasteful Expenditure current year	2 606 694	597 327
Fruitless and Wasteful Expenditure prior year, but identified in current year	-	-
Expenditure investigated and approved by Council	-	-
To be recovered	-	-
To be recovered – Long-term Receivables (refer Note 10)	-	-
Fruitless and Wasteful Expenditure awaiting condonement	4 444 824	1 838 129

Incident	Disciplinary Steps / Criminal Proceedings
Competency Assessment (No appointment) - R0 (2017: R43 344)	To be submitted to Council
Legal Cost incurred on suspended official - R0 (2017: R468 802)	None
Insurance Claims refused - R0 (2017: R85 181)	None
Property losses due to negligence - R225 052 (2017: R0)	None
Project stopped after incurring costs - R245 608 (2017: R0)	None
Salaries incurred on staff suspended - R2 136 034 (2017: R0)	None

48.3 Irregular Expenditure

Reconciliation of Irregular Expenditure:

Opening balance	1 344 153 209	812 339 220
Irregular Expenditure current year	373 685 032	531 813 989
Irregular Expenditure prior year, but identified in current year	-	-
Condoned or written off by Council	-	-
To be recovered – contingent asset (see Note 59)	-	-
Transfer to receivables for recovery (see Note 4)	-	-
Irregular Expenditure awaiting condonement	1 717 838 241	1 344 153 209

Incident	Disciplinary Steps / Criminal Proceedings
Incorrect composition of Bid Committee - R165 920 866 (2017: R0)	Under Investigation. To be submitted to Council for condonement.
Irregular awards made; Advertisement not provided - R11 081 134 (2017: R0)	Under Investigation. To be submitted to Council for condonement.
Irregular awards made; Contract has expired - R291 650 (2017: R0)	Disciplinary process initiated against responsible person.
Incorrect application of Section 32 - R1 556 131 (2017: R0)	Under Investigation. To be submitted to Council for condonement.
Incorrect application of Section 36 - R863 921 (2017: R0)	Under Investigation. To be submitted to Council for condonement.
Non-compliance to SCM Regulations - R177 864 933 (2017: R499 569)	Under Investigation. To be submitted to Council for condonement.
Expenditure contrary to SCM Processes as described in Note Gene - R16 106 396 (2017: R32 244 980)	A report will be adopted by the Executive Committee, condoning the "Irregular Expenditure".

49 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

49.1 Contributions to organised local government - SALGA

Opening Balance	-	-
Council Subscriptions	2 955 790	2 799 550
Amount Paid - current year	(2 955 790)	(2 799 550)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	-	-

49.2 Audit Fees

Opening Balance	-	-
Current year Audit Fee	6 595 862	3 256 720
Amount Paid - current year	(6 595 862)	(3 256 720)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	-	-

49.3 VAT

The net of VAT input payables and VAT output receivables are shown in Note 5. All VAT returns have been submitted by the due date throughout the year.

49.4 PAYE, Skills Development Levy and UIF

Opening Balance	-	-
Current year Payroll Deductions	39 186 476	33 711 043
Amount Paid - current year	(39 186 476)	(33 711 043)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	-	-

49.5 Pension and Medical Aid Deductions

Opening Balance	-	-
Current year Payroll Deductions and Council Contributions	52 961 590	48 962 951
Amount Paid - current year	(52 961 590)	(48 962 951)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	-	-

49.6 Councillor's arrear Consumer Accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at:

30 June 2018	Total	Outstanding up to 90 days	Outstanding more than 90 days
Councillor Kekana TM	3 023	1 506	1 517
Councillor Langa LD & LD	2 218	1 877	341
Councillor Malatji ME	4 945	971	3 974
Councillor Rapatsa MM	851	467	384
Councillor Sebatjana MP	2 550	2 550	-
Councillor Senoamadi ML & MM	1 857	1 179	678
Councillor Senosha SCG	500	411	89
Total Councillor Arrear Consumer Accounts	15 943	8 961	6 983

30 June 2017	Total	Outstanding up to 90 days	Outstanding more than 90 days
Councillor Kekana TM	14 612	1 607	13 006
Councillor Rapatsa MM	1 497	402	1 095
Councillor Senosha SCG	465	383	83
Total Councillor Arrear Consumer Accounts	16 575	2 391	14 183

During the year the following Councillors had arrear accounts outstanding for more than 90 days:

30 June 2018	Highest amount outstanding	Ageing
Councillor Kekana TM	6 876	> 90 Days
Councillor Langa LD & LD	342	> 90 Days
Councillor Langa MJ	3 225	> 90 Days
Councillor Malatji ME	4 168	> 90 Days
Councillor Rapatsa MM	384	> 90 Days
Councillor Senoamadi ML & MM	678	> 90 Days
Councillor Senosha SCG	225	> 90 Days

30 June 2017	Highest amount outstanding	Ageing
Councillor Kekana TM	25 651	> 90 Days
Councillor Langa MJ	457	> 90 Days
Councillor Lentsoane MC	780	> 90 Days
Councillor Rapatsa MM	1 095	> 90 Days
Councillor Senosha SCG	136	> 90 Days

49.7 Non-Compliance with the Municipal Finance Management Act

No known matters existed at reporting date.

49.8 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(2) of the Municipal Supply Chain Management Regulations approved by the council, any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager, noted by Council and bids where the formal procurement processes could not be followed must be noted in the Annual Financial Statements.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

Department	Date	Successful Tenderer	Reason	Amount
Office of the Municipal Manager	May 2018	Mercurius Motors	Preferred Supplier	1 297 308.92
1 Occasion during the financial year procuring a new mayoral vehicle amounting to R 1297 308,92				
Community Services	Year 2017/18	Various occasions (5)	Preferred Supplier	3 191 612.40
5 Occasions during the financial year procuring various services amounting to R3 191 612,40				
Corporate Support Services	October 2017 February 2018	Locksmith Limpopo Network Cabling	Preferred Supplier	2 850.00 14 950.63
2 Occasions during the financial year procuring services to replace locks and repair fibre cables amounting to R17 800,63				

Electrical Services	Year 2017/18	Various occasions (10)	Preferred Supplier and Strip & Quote bases	1 401 178.29
10 Occasions during the financial year procuring services for various repair works and replacements amounting to R1 401 178,29				
Financial Services	Year 2017/18	Various occasions (7)	Preferred Supplier and Limited Bidding	4 342 881.41
7 Occasions during the financial year procuring services for supply & delivery of commodities and software upgrade amounting to R4 342 881,41				
Technical Services	Year 2017/18	Various occasions (5)	Preferred Supplier	5 836 948.02
5 Occasions during the financial year procuring various services amounting to R5 836 948,02				
Traffic and Emergency Services	April 2018 May 2018	Truvelo Manufacturing (Pty) Ltd Tshegofatso Mechanical and Projects	Preferred Supplier	8 700.00 9 966.07
2 Occasions during the financial year procuring various services for Speed Measuring Equipment and repairs to Fire Engine amounting to R18 666,07				

2018
R **2017**
R

49.9 Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA

Material Electricity and Water Losses were as follows and are not recoverable:

Electricity:

		Lost Units	Tariff	Value
30 June 2018	Unaccounted Electricity Losses	<u>41 045 615</u>	<u>1.1300</u>	<u>46 381 545</u>
30 June 2017	Unaccounted Electricity Losses	<u>43 760 595</u>	<u>0.8568</u>	<u>37 494 078</u>

Electricity Losses occur due to *inter alia*, technical and non-technical losses (Technical losses - inherent resistance of conductors, transformers and other electrical equipment; Non-technical losses - the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections). The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters are replaced as soon as they are reported.

2018
R **2017**
R

Volumes in kWh/year:

System Input Volume	204 893 700	203 717 081
Billed Consumption	163 848 085	159 956 486
Distribution Loss	41 045 615	43 760 595
Percentage Distribution Loss	20.03%	21.48%

Water:

		Lost Units	Tariff	Value
30 June 2018	Unaccounted Water Losses	<u>1 263 530</u>	<u>6.7500</u>	<u>8 528 828</u>
30 June 2017	Unaccounted Water Losses	<u>2 769 372</u>	<u>6.2200</u>	<u>17 225 494</u>

Water Losses occur due to *inter alia*, leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repared as soon as they are reported.

2018
R **2017**
R

Volumes in KI/year:

System Input Volume	6 013 349	6 459 192
Billed Consumption	4 749 819	3 689 820
Distribution Loss	1 263 530	2 769 372
Percentage Distribution Loss	21.01%	42.87%

50 COMMITMENTS FOR EXPENDITURE

50.1 Capital Commitments

Commitments in respect of Capital Expenditure:

- Approved and Contracted for:-

Land and Buildings
Infrastructure
Community

476 284 778

476 284 778

740 890	740 890
462 585 015	462 585 015
12 958 873	12 958 873

- Approved but Not Yet Contracted for:-

Land and Buildings
Infrastructure
Community

-

-

-	-
-	-
-	-

Total Capital Commitments

476 284 778

476 284 778

This expenditure will be financed from:

Capital Replacement Reserve
Government Grants

10 820 605

10 820 605

465 464 172

465 464 172

476 284 778

476 284 778

50.2 Lease Commitments

Non-cancellable Operating Lease Commitments are disclosed in Note 19.

50.3 Other Commitments

The municipality has entered into a contract on 03 March 2016 with Ntsumi Telecommunications (Pty) Ltd in assisting sending electronic notices and correspondence to municipal customers for 2 years. Billing is based on rates.

51 FINANCIAL INSTRUMENTS

51.1 Classification

FINANCIAL ASSETS:

In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:

<u>Financial Assets</u>	<u>Classification</u>		
Long-term Receivables			
Trading Service Debtors	Amortised cost	1 453 315	-
Receivables from Exchange Transactions			
Electricity	Amortised cost	36 880 011	33 409 248
Refuse	Amortised cost	12 043 796	12 026 709
Sewerage	Amortised cost	14 818 516	12 126 949
Other Service Charges	Amortised cost	771 861	5 009 511
Water	Amortised cost	41 613 210	45 746 627
Property Rental Debtors	Amortised cost	(5 067)	25
Housing Selling Scheme	Amortised cost	(1 150 812)	100 952
Control, Clearing and Interface Accounts	Amortised cost	3 540 911	2 714 137
Receivables from Non-exchange Transactions			
Property Rates	Amortised cost	55 666 574	38 850 952
Fines	Amortised cost	41 367	40 924
Over Payment of Contractors	Amortised cost	5 953 515	5 953 515
Accrued Income	Amortised cost	116 501 901	4 600 761
Cash and Cash Equivalents			
Call Deposits	Amortised cost	161 169 978	203 805 730
Bank Balances	Amortised cost	-	13 593 030
Cash Floats and Advances	Fair value	26 906	26 906
Current Portion of Long-term Receivables			
Public Organisation	Amortised cost	11 914 881	6 110 496
Staff Related Long Term Receivables	Amortised cost	43 380	43 380

SUMMARY OF FINANCIAL ASSETS

Financial Assets at Amortised Cost:

Long-term Receivables	Trading Service Debtors	1 453 315	-
Receivables from Exchange Transactions	Electricity	36 880 011	33 409 248
Receivables from Exchange Transactions	Refuse	12 043 796	12 026 709
Receivables from Exchange Transactions	Sewerage	14 818 516	12 126 949
Receivables from Exchange Transactions	Other Service Charges	771 861	5 009 511
Receivables from Exchange Transactions	Water	41 613 210	45 746 627
Receivables from Exchange Transactions	Property Rental Debtors	(5 067)	25
Receivables from Exchange Transactions	Housing Selling Scheme	(1 150 812)	100 952
Receivables from Exchange Transactions	Control, Clearing and Interface Accounts	3 540 911	2 714 137
Receivables from Non-exchange Transactions	Property Rates	55 666 574	38 850 952
Receivables from Non-exchange Transactions	Fines	41 367	40 924
Receivables from Non-exchange Transactions	Over Payment of Contractors	5 953 515	5 953 515
Receivables from Non-exchange Transactions	Accrued Income	116 501 901	4 600 761
Current Portion of Long-term Receivables	Public Organisation	11 914 881	6 110 496
Current Portion of Long-term Receivables	Staff Related Long Term Receivables	43 380	43 380
Cash and Cash Equivalents	Call Deposits	161 169 978	203 805 730
Cash and Cash Equivalents	Bank Balances	-	13 593 030
		<u>461 257 336</u>	<u>384 132 944</u>

Financial Assets at Fair Value:

Cash and Cash Equivalents	Cash Floats and Advances	26 906	26 906
		<u>26 906</u>	<u>26 906</u>
Total Financial Assets		<u>461 284 242</u>	<u>384 159 850</u>

FINANCIAL LIABILITIES:

In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:

<u>Financial Liabilities</u>	<u>Classification</u>		
Payables from Exchange Transactions			
Advance Payments	Amortised cost	10 119 794	19 445 626
Bonus	Amortised cost	4 624 143	4 360 356
Leave Accrual	Amortised cost	25 010 072	24 969 673
Other Payables	Amortised cost	(9 572 349)	(2 568 191)
Retentions	Amortised cost	91 583 225	91 602 611
Trade Creditors	Amortised cost	145 471 739	148 604 189
Bank Overdraft			
Bank Overdraft	Amortised cost	20 787 571	-

SUMMARY OF FINANCIAL LIABILITIES

Financial Liabilities at Amortised Cost:

Payables from Exchange Transactions	Advance Payments	10 119 794	19 445 626
Payables from Exchange Transactions	Bonus	4 624 143	4 360 356
Payables from Exchange Transactions	Leave Accrual	25 010 072	24 969 673
Payables from Exchange Transactions	Other Payables	(9 572 349)	(2 568 191)
Payables from Exchange Transactions	Retentions	91 583 225	91 602 611
Payables from Exchange Transactions	Trade Creditors	145 471 739	148 604 189
Bank Overdraft	Bank Overdraft	20 787 571	-
		<u>288 024 194</u>	<u>286 414 265</u>
Total Financial Liabilities		<u>288 024 194</u>	<u>286 414 265</u>

51.2 Fair Value

The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate such value:

Cash

The carrying amount approximates the Fair Value because of the short maturity of these instruments.

Long-term Investments

The Fair Value of some Investments are estimated based on quoted market prices of those or similar investments. Unlisted Equity Investments are estimated using the discounted cash flow method.

Loan Receivables/Payables

Interest-bearing Borrowings and Receivables are generally at interest rates in line with those currently available in the market on a floating-rate basis, and therefore the Fair Value of these Financial Assets and Liabilities closely approximates their carrying values. Fixed interest-rate instruments are fair valued based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Trade and Other Receivables/Payables

The Fair Value of Trade and Other Payables is estimated at the present value of future cash flows.

The management of the municipality is of the opinion that the carrying value of Trade and Other Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values. The Fair Value of Trade Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratios of the municipality's debtors.

Other Financial Assets and Liabilities

The Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Long-term Liabilities

The Fair Value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Management considers the carrying amounts of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements to approximate their Fair Values on 30 June 2018, as a result of the short-term maturity of these assets and liabilities.

No Financial Instruments of the municipality have been reclassified during the year.

Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follows:

Level 1:-

Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-

Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3:-

Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

30 June 2018

	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Short-term Portion of Investments	-	178 163 356	-	178 163 356
Cash and Cash Equivalents	-	26 906	-	26 906
Total Financial Assets	-	178 190 262	-	178 190 262
Total Financial Instruments	-	178 190 262	-	178 190 262

30 June 2017

	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Short-term Portion of Investments	-	49 446 151	-	49 446 151
Cash and Cash Equivalents	-	26 906	-	26 906
Total Financial Assets	-	49 473 057	-	49 473 057
Total Financial Instruments	-	49 473 057	-	49 473 057

51.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2017.

The capital structure of the municipality consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 22 and the Statement of Changes in Net Assets.

Gearing Ratio

	2018 R	2017 R
The gearing ratio at the year-end was as follows:		
Debt	20 787 571	-
Cash and Cash Equivalents	(1 480 221)	(26 906)
Net Debt	<u>19 307 350</u>	<u>(26 906)</u>
Equity	<u>4 986 586 044</u>	<u>6 377 217 237</u>
Net debt to equity ratio	<u>0.39%</u>	<u>0.00%</u>

Debt is defined as Long-term Liabilities, together with its Short-term Portion.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

51.4 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

51.5 Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

Market Risk

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit Risk

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

Liquidity Risk

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 51.8 to the Annual Financial Statements.

51.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 51.7 below). No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

51.6.1 Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

51.6.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy. Consumer Deposits are increased accordingly.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality is not exposed to credit interest rate risk as the municipality has no borrowings.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

Interest Rate Sensitivity Analysis

The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates. The short and long-term financial instruments at year-end with variable interest rates are set out in Note 51.8 below:

Cash and Cash Equivalents:

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the municipality's:

- Surplus for the year ended 30 June 2018 would have increased / decreased by R1 892 844 (30 June 2017: R3 714 085). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

51.7 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Trade and Other Receivables

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for rates, water and electricity services rendered to them.

The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

- The application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property;
- A new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount;
- The consolidation of rates and service accounts, enabling the disconnecting services for the non-payment of any of the individual debts, in terms of section 102 of the MSA;
- The requirement of a deposit for new service connections, serving as guarantee and are reviewed annually;
- Encouraging residents to install water management devices that control water flow to households, and/or prepaid electricity meters.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Payment of accounts of consumer debtors, who are unable to pay, are renegotiated as an ongoing customer relationship in response to an adverse change in the circumstances of the customer in terms of the Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists based on the payment history of the parties, except for Northern Province Academy of Sport and Department of Water and Forestry Affairs for which there is uncertainty about the collectivity. They have been included in the Provision for Impairment of Consumer Debtors.

Counterparty and Location	30 June 2018		30 June 2017	
	Credit Limit R	Carrying Amount R	Credit Limit R	Carrying Amount R
Department of Education, Arts and Culture	3 023 535	2 812 303	3 023 535	2 812 303
Government of the Republic of South Africa	2 575 882	2 004 025	2 575 882	2 004 025
Terra Clay (Pty) Ltd	2 546 208	-	2 546 208	-
SADT	2 533 121	1 941 057	2 533 121	1 941 057
Government of the Republic of South Africa	2 322 632	1 983 086	2 322 632	1 983 086
Lepelle Northern Water	-	1 877 180	-	1 877 180

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:

Long-term Receivables	29 109 714	7 607 191
Receivables from Exchange Transactions	514 159 312	454 459 734
Receivables from Non-exchange Transactions	291 179 934	140 335 588
Bank, Cash and Cash Equivalents	142 239 529	219 255 882
Maximum Credit and Interest Risk Exposure	976 688 489	821 658 395

The major concentrations of credit risk that arise from the municipality's receivables in relation to customer classification are as follows:

	%	%
Consumer Debtors:		
- Household	67.09%	79.11%
- Industrial / Commercial	5.02%	6.62%
- National and Provincial Government	9.49%	12.13%
- Other Classes	0.00%	0.03%
Other Debtors:		
- Other not Classified	18.41%	2.11%
Total Credit Risk	100.00%	100.00%
Bank and Cash Balances		
Nedbank	90 000	150 000 000
Standard Bank	142 122 623	69 228 976
Cash Equivalents	26 906	26 906
Total Bank and Cash Balances	142 239 529	219 255 882

Credit quality of Financial Assets:

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Long-term Receivables

Group 1	-	-
Group 2	11 914 881	6 110 496
Group 3	17 194 833	1 496 695
Total Long-term Receivables	29 109 714	7 607 191

Receivables from Exchange Transactions

Counterparties without external credit rating:-

Group 1	-	-
Group 2	42 202 300	42 854 350
	<u>42 202 300</u>	<u>42 854 350</u>
Total Receivables from Exchange Transactions	42 202 300	42 854 350

Receivables from Non-exchange Transactions

Group 1	127 756 547	14 749 147
Group 2	-	-
Total Receivables from Non-exchange Transactions	127 756 547	14 749 147

Credit quality Groupings:

Group 1 - High certainty of timely payment. Liquidity factors are strong and the risk of non-payment is small.

Group 2 - Reasonable certainty of timely payment. Liquidity factors are sound, although ongoing funding needs may enlarge financing requirement. The risk of non-payment is small.

Group 3 - Satisfactory liquidity factors and other factors which qualify the entity as investment grade. However, the risk factors of non-payment are larger.

None of the financial assets that are fully performing have been renegotiated in the last year.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

11 FINANCIAL INSTRUMENTS (Continued)

11.5 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 47 C67 is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk (cash).

Liquidity and Interest Risk Tables

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
30 June 2018	#	%	R	R	R	R		R
Non-interest Bearing		0.00%	267 236 623	267 236 623	-	-	-	-
Variable Interest Rate Instruments		8.08%	(20 787 571)	(20 787 571)	-	-	-	-
			246 449 053	246 449 053	-	-	-	-
30 June 2017								
Non-interest Bearing		0.00%	286 414 265	286 414 265	-	-	-	-
Variable Interest Rate Instruments		8.08%	-	-	-	-	-	-
			286 414 265	286 414 265	-	-	-	-

11.7 Other Price Risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2018	2017
R	R

52 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

All councillors belong to the Pension Fund for Municipal Councillors.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R28 861 937 (2017: R26 757 305) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

DEFINED BENEFIT SCHEMES

Municipal Employees Pension Fund:

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 28 February 2014.

The statutory valuation performed as at 28 February 2014 revealed that the net assets of the fund were R0,0 (28 February 2011: R552,8) million, with a funding level of 100,0% (28 February 2011: 107,9%). The contribution rate paid by the members (7,50%) and Council (15,00%, 18,00% and 22,00%) is not sufficient to fund the benefits accruing from the fund in the future and there is a shortfall in the future employer contribution rate of 12,80% (28 February 2011: 8,10%).

No further information could be obtained.

DEFINED CONTRIBUTION SCHEMES

Municipal Councillors Pension Fund:

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2015.

The statutory valuation performed as at 30 June 2015 revealed that the net assets of the fund were R2 551,9 (30 June 2012: R1 183,5) million, with a funding level of 101,8% (30 June 2012: 99,5%). The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future.

At 30 June the fund showed an excess of R27,7 (2012: deficit R6,4) million before allowing for reserves and was certified to be in a sound financial condition by the actuaries, Moruba Consultants and Actuaries.

As reported by the Actuaries, the Fund was following an appropriate investment strategy during the valuation period.

Municipal Employees Gratuity Fund:

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2017.

The valuation performed as at 30 June 2017 revealed that the market value of the fund was R20 912 (30 June 2016: 19 878) million. The contribution rate payable (7,50% by the member and 22,00% by the employer), is sufficient to fund the benefits accruing from the fund in the future. The fund was certified to be in sound financial condition as at 30 June 2017.

No further information could be obtained.

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2018
R **2017**
R

National Fund for Municipal Workers

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2016.

The scheme's assets amounted to R11 980 (2016: R10 050) million at 30 June.

The statutory valuation performed as at 30 June 2016 revealed that the fund had a surplus of 25,3 (30 June 2015: R41,8) million, with a funding level of 100,21% (30 June 2015: 100,42%). The contribution rate paid by the members (minimum of 2,00% to 7,00%) and the municipalities (minimum of 2,00% to 7,00%) is sufficient to fund the benefits accruing from the fund in the future.

The monthly deductions for cost were sufficient to cover the expenses incurred over the valuation period. The Trustees, with the support of the Valuator, must continue to monitor the position on an annual basis.

None of the above mentioned plans are State Plans.

53 RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

40.1 Interest of Related Parties

Councillors and/or Management of the Municipality have relationships with businesses as indicated below:

Name of Related Person	Designation	Description of Related Party Relationship
Langa MJ	Councillor	Director of and 100% Interest in Mothushi Corporation
Matsemela A	Councillor	Director of Ba Kopane Cooperative; Director of Basapi Ba Mapela; Director of Lebaobab Holdings
Moloba MS	Councillor	Shareholder with 60% interest in Komahlapo Cleaning (Pty) Ltd; Shareholder with 60% interest in Mankale Mining (Pty) Ltd
Kekana VH	Councillor	Director of and 50% Interest in Leokga Trading & Enterprise
Malepa K	Deputy Manager	Owner of Katlego Internet Stores; Owner of Unlimited Pub
Mathibe B	Divisional Head	Partner in and 25% interest in Mbalakale (Pty) Ltd
Sekwakwa NE	Divisional Head	Owner of Kgarihli General Dealer
Lebelo RR	Official	Owner of MCLM

40.2 Services rendered to Related Parties

During the year the Municipality rendered services to the following related parties that are related to the Municipality as indicated:

	Rates Charges R	Service Charges R	Sundry Charges R	Outstanding Balances R
For the Year ended 30 June 2018				
Councillors	9 215	22 472	-	(512)
Municipal Manager and Section 57 Personnel	2 215	3 792	-	1 917
Total Services	11 430	26 264	-	1 405

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

			2018 R	2017 R
	Rates Charges R	Service Charges R	Sundry Charges R	Outstanding Balances R
For the Year ended 30 June 2017				
Councillors	11 022	67 751	-	27 343
Municipal Manager and Section 57 Personnel	-	-	-	-
Total Services	<u><u>11 022</u></u>	<u><u>67 751</u></u>	<u><u>-</u></u>	<u><u>27 343</u></u>

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Section 57 Personnel. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

40.3 Loans granted to Related Parties

In terms of the MFMA, the Municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. No loans were granted to Councillors, Management, Staff and Public by ZFM District Municipality.

40.4 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Notes 32, 33 and Appendix G, Statement of Remuneration of Management, to the Annual Financial Statements.

				2018 R	2017 R
40.5 Purchases from Related Parties					
The municipality bought goods from the following companies, which are considered to be Related Parties:					
Company Name	Related Person	Company Capacity	Municipal Capacity	Purchases for the Year	Purchases for the Year
Diesel Power Truck Repairs	Oosthuizen DP	Owner (In-law)	Official	-	1 658 271
Total Purchases				<u><u>-</u></u>	<u><u>1 658 271</u></u>

The transactions were concluded in full compliance with the municipality's Supply Chain Management Policy and the transactions are considered to be at arm's length.

54 CONTINGENT LIABILITIES

The municipality was not engaged in any transaction or event during the year under review involving Contingent Liabilities.

54.1 Court Proceedings:	<u><u>235 794 477</u></u>	<u><u>130 218 990</u></u>
(i) Dispute on Water Account:	96 000	96 000
The municipality is being sued by a consumer, Academy of Sports Excellence, for a dispute on their water account. The municipality is defending the claim based on legal advice. The claimed amount does not include legal costs. Should the municipality be unsuccessful in defending the claim, there is a possibility that the claim will be settled from its Provision for Bad Debts. The municipality is proceeding with a debtor's claim of R860 000 against the plaintiff. A 3rd defendant was located and served with a summons, and entered defence. The original trial date was set for 17 November 2014. No further progress has been made and the outcome of the case is still uncertain.		

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<p>(ii) Claim for Losses Sustained:</p> <p>A claim was received from Emang Development Projects CC for alleged losses sustained when the municipality terminated the contract they were working on grounds of non-performance. No progress has been made to date and a trial date is awaited. The outcome of the matter is still uncertain.</p>	365 132	365 132
<p>(iii) Repossession of Land:</p> <p>The municipality has cancelled a deed of sale due to non-compliance by the purchaser, Gov-Al Properties CC, and repossessed the portion of land. Gov-Al Properties CC is now suing the municipality in the High Court in order to get possession of the land again. The case was removed from the roll on 5 May 2008. Subsequently a summons was received and a trial date was set for 3 May 2011, which was postponed. The Plaintiff did not file replication and seems to have lost interest. The outcome of the case is still unknown.</p>	817 513	817 513
<p>(iv) Claim for Violation of Human Dignity:</p> <p>A claim was received from MS Bambo for the violation of his dignity. The municipality invited the claimant to an interview for a vacant position, but claimant was not appointed. An irregular step procedure has been taken as the Plaintiff did not provide an address within 8 km from Court. Subsequently, the municipality's attorney filed a Notice of Motion for Dismissal with costs. The return date was 30 August 2013. The outcome of the matter is still uncertain.</p>	157 001	157 001
<p>(v) Termination of Contract:</p> <p>The municipality is being sued by MA Ntjana Construction CC for termination of contract and contractual increases not paid. The case has been referred to the municipality's Attorney to defend. Heads of Arguments were filed during July 2013 and no further progress has been made since. The outcome of the matter is still uncertain.</p>	10 100 000	10 100 000
<p>(vi) Claim for Defamation:</p> <p>The municipality is being sued by MH Thobejane for termination of contract and defamation. Mr Thobejane's contract has been terminated after being found guilty to 26 cases of fraud. In terms of the Systems Act the Municipal Manager instituted action against Mr Thobejane in terms of which he cannot enter into employment at Local Government for 10 years because of misconduct. This is a counterclaim by Mr Tobejane on the municipality's claim against him to recover losses incurred because of the misconduct. The case has been referred to the municipality's Attorney to defend. Plaintiff's plea against counterclaim has been filed. The outcome of the matter is still uncertain.</p>	30 341 632	30 341 632
<p>(vii) Claim for 20% Refund of Purchases:</p> <p>The municipality is being sued individually by 29 persons for refund of 20% of the price of land purchased from the municipality. Land developed by the municipality was valued in 2008 and sold at such valuation plus 20%. Subsequently the market stagnated and during 2010/11 Council resolved to market the remaining land at original valuation. The people who previously purchased the land are now claiming back the 20% they paid in excess of the original valuation. The matters were referred to the municipality's Attorney to defend. The plaintiffs' plea against counterclaim have been filed. 9 Matters were heard in court on 31 January 2014. Cost orders in 8 matters were in favour of the municipality, whilst in the other case the costs were reserved. Subsequently all 9 matters were postponed <i>sine die</i>.</p>	918 687	918 687
<p>(viii) Claim for Services Rendered:</p> <p>A claim was received from Photo Luxury Tours for services allegedly rendered, being hiring of transport services, and not paid for. A trial date is awaited. The outcome of the matter is still uncertain.</p>	71 000	71 000
<p>(ix) Claim for Storage Fees:</p> <p>The municipality is being sued by George Edward Morkel Brink and Others for storage costs of municipal vehicles for the period 01/03/2013 to 20/10/2013. The case has been referred to the municipality's Attorney to defend. The Defendant has requested further particulars from the Plaintiffs. The matter in progress and the outcome of the matter is still uncertain.</p>	30 153	30 153
<p>(x) Claim for Services Rendered:</p> <p>A claim was received from CSI Africa for services rendered, and not paid for. A plea has been filed and Plaintiff has filed discovery affidavit. The matter is still in progress and outcome of the matter is still uncertain.</p>	376 256	376 256

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	R	R
(x) Claim for Services Rendered: A claim was received from High Risk Reaction Unit for services rendered, and not paid for. D/J was erroneously granted and an order to rescind judgement was granted with costs against the Plaintiff. The outcome of the matter is still uncertain.	7 397 916	7 397 916
(xi) Claim for Storm Water Damages: A claim was received from MA Makhafola for alleged damages to the claimant's house when it was flooded due to poor storm water reticulation systems. Settlement was made an order of court. The damages suffered by Mr Makhafola were quantified whereby and offer of R350 000,00 was made to the Plaintiff, who proposed a settlement amount of R500 000,00 plus legal costs. The outcome of the matter is still uncertain.	3 500 000	3 500 000
(xii) Claim for Damages Suffered: A claim was received from MP Tsebe for alleged damages suffered as a result of dismissal. Notice to defend was served and filed, and subsequently a plea was served and filed. The matter is in progress and the outcome of the matter is still uncertain.	570 926	570 926
(xiii) Claim for Services Rendered: A claim was received from The Voice Press for services rendered, and not paid for. A plea has been served and filed. The matter is in progress and the outcome of the matter is still uncertain.	633 000	633 000
(xiv) Claim for Services Rendered: A claim was received from KTS General trading for services rendered, and not paid for. Plaintiff indicated intention of referring the matter for arbitration as per the agreement. Subsequently the matter was settled out of court.	-	1 626 856
(xv) Claim for Services Rendered: A claim was received from Mahlatsi Security CC for services rendered, and not paid for. Plaintiff indicated intention of referring the matter for arbitration as per the agreement. Subsequently the matter was settled out of court.	-	1 337 637
(xvi) Claim for Damages Suffered: A claim was received from S&M Montani for alleged damages suffered as a result of a strike by municipal staff. A plea has been filed. The outcome of the matter is still uncertain.	9 150 000	9 150 000
(xvii) Claim for Tender not Awarded: A claim was received from Bicacon for a tender that they were allegedly entitled to, not awarded to them. Notice to oppose was served and filed. The matter was set down for trial on 15 November 2016, and was struck from the roll. The outcome of the matter is still uncertain.	56 277 632	56 277 632
(xviii) Claim for Breach of Contract: A claim was received from Mmussho Security & Projects for breach of contract. Summons was received on 01/08/2017. The municipality is defending the matter and the parties are still exchanging documents. The outcome of the matter is still uncertain.	6 451 650	6 451 650
(xix) Job Evaluation: Council resolved that a complete Job Evaluation Exercise must be performed to address the salary disparities for all staff. The outcome of the evaluation is still unknown and the effect thereof could not be estimated by management.	-	-
(xx) Claim for Services Rendered: A claim was received from K Maela for catering services rendered, and not paid for. The municipality is defending the matter. A plea has been served and filed. The outcome of the matter is still uncertain.	65 000	-

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
(xxi) Claim for Damages Suffered: A claim was received from MM Bethuel for damages suffered, caused by plaintiff allegedly falling into a water drainage trench where municipal employees or contractors were working, but failed to close the drain and further failed to put out warning signs to the public. The municipality's attorney is still conducting the investigations and is in process of filing a plea. The outcome of the matter is still uncertain.	2 824 210	-
(xxii) Claim for Services Rendered: A claim was received from CMC Tecrover JV for services rendered, and not paid for. The municipality is still investigating the matter. The outcome of the matter is still uncertain.	27 106 917	-
(xxiii) Employment Equity Framework: The municipality is sued by the Department of Labour for non-compliance with Employment Equity Act. The Department granted 3 months extension to comply. The outcome of the matter is still uncertain.	1 500 000	-
(xxiv) Claim for Services Rendered: A claim was received from CMC Tecrover JV for services rendered, and not paid for. Contract 34-2014/2015 for Masodi New Waste Water Treatment Works was terminated and outstanding payment is claimed. The matter is scheduled to appear in High Court of South Africa on the 4th September 2018. The outcome of the matter is still uncertain.	77 043 853	-
54.2 Insurance Claims:	1 252 183	623 925
(i) Alleged Damages Incurred: Claims lodged against the municipality for alleged damages caused by incidents of which the municipality should take ownership, have been referred to the municipality's insurers.	1 252 183	623 925

55 CONTINGENT ASSETS

The municipality was not engaged in any transaction or event during the year under review involving Contingent Assets.

56 IN-KIND DONATIONS AND ASSISTANCE

The municipality received the following in-kind donations and assistance:

(i) Secondment of Acting Municipal Manager by Department of COGHTA for 3 months	402 114	411 666
(ii) Secondment of Acting Chief Financial Officer by Provincial Treasury for 12 months	1 300 000	1 608 455

57 PRIVATE PUBLIC PARTNERSHIPS

The municipality was not a party to any Private Public Partnerships during the year under review.

58 EVENTS AFTER THE REPORTING DATE

No events having financial implications requiring disclosure occurred subsequent to 30 June 2018.

59 COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Changes in Accounting Policies (Note N/A) and Prior Period Errors (Note 44).

MOGALAKWENA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2018
R

2017
R

60 GOING CONCERN ASSESSMENT

Management considered the following matters relating to the Going Concern:

- (i) On 29 May 2018 the Council adopted the 2018/19 to 2020/21 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the ongoing delivery of municipal services to residents reflected that the Budget was cash-backed over the three-year period.
- (ii) The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.
- (iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by monthly and quarterly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.
- (iv) As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

APPENDIX A
MOGALAKWENA MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2018

THE MUNICIPALITY HAD NO EXTERNAL LOANS FOR THE TWO FINANCIAL YEARS

APPENDIX B
MOGALAKWENA MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2018

Description	Cost / Revaluation						Under Construction				Accumulated Depreciation						Carrying
	Opening	Correction of Error & Change in Policy	Additions	Transfers	Disposals	Closing	Opening	Additions	Transferred	Closing	Opening	Additions	Disposals	Transfers	Other Changes	Closing	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings																	
<i>Buildings</i>	2 576 224 193	(2 077 192 574)	3 413 805	(686 058)	(1 136 398)	500 622 968	-	-	-	-	38 896 017	-	(275 429)	-	(3 651 501)	34 969 087	465 653 881
	2 576 224 193	(2 077 192 574)	3 413 805	(686 058)	(1 136 398)	500 622 968	-	-	-	-	38 896 017	-	(275 429)	-	(3 651 501)	34 969 087	465 653 881
Infrastructure																	
<i>Electrical Infrastructure:</i>																	
<i>Capital Spares</i>	8 533 431	-	-	(3 332 185)	-	5 201 246	-	-	-	-	-	-	-	-	-	-	5 201 246
<i>HV Substations</i>	-	-	-	-	-	-	-	-	-	-	-	1 653 075	-	-	-	1 653 075	(1 653 075)
<i>HV Transmission Conductors</i>	-	-	-	-	-	-	-	-	-	-	-	2 394	-	-	-	2 394	(2 394)
<i>LV Networks</i>	115 513 859	-	-	2 723 444	(82 187)	118 155 116	-	-	-	-	57 990 317	2 456 888	(40 300)	-	(3 997 194)	56 409 711	61 745 406
<i>MV Networks</i>	145 468 033	-	2 285 827	(2 285 827)	-	145 468 033	-	-	-	-	80 504 789	533 047	-	-	(16 350 990)	64 686 846	80 781 187
<i>MV Substations</i>	-	-	-	-	-	-	-	-	-	-	-	316 691	-	-	-	316 691	(316 691)
<i>MV Switching Station</i>	83 261 462	-	-	-	-	83 261 462	-	-	-	-	34 709 074	-	-	-	(5 035 114)	29 673 960	53 587 502
<i>Information and Communication Infrastru</i>	-	-	3 735 457	-	-	3 735 457	-	-	-	-	-	-	-	-	-	-	3 735 457
<i>Roads Infrastructure</i>	1 059 182 528	-	47 637 967	(11 110 484)	-	1 095 710 012	-	-	-	-	687 014 091	29 759 443	-	-	(47 852 540)	668 920 994	426 789 018
<i>Sanitation Infrastructure</i>	73 712 498	-	1 346 986	-	(30 072)	75 029 411	-	-	-	-	18 330 623	1 107 888	(5 639)	-	(2 367 344)	17 065 529	57 963 882
<i>Solid Waste Infrastructure</i>	17 664 897	-	-	-	(1 632 518)	16 032 379	-	-	-	-	12 997 969	372 027	(799 430)	-	(1 202 984)	11 367 582	4 664 797
<i>Storm water Infrastructure</i>	82 782 366	-	-	-	-	82 782 366	-	-	-	-	37 068 026	1 553 545	-	-	(6 444 515)	32 177 056	50 605 310
<i>Water Supply Infrastructure:</i>																	
<i>Boreholes</i>	100 868 863	-	24 486 280	-	-	125 355 144	-	-	-	-	38 512 864	3 895 337	-	-	(10 239 957)	32 168 244	93 186 900
<i>Bulk Mains</i>	1 657 800 454	-	194 885 577	-	-	1 852 686 031	-	-	-	-	405 213 562	20 988 097	-	-	(175 123 079)	251 078 579	1 601 607 451
<i>Capital Spares</i>	120 530	-	141 129	-	-	261 659	-	-	-	-	-	-	-	-	-	-	261 659
<i>Dams and Weirs</i>	-	-	-	-	-	-	-	-	-	-	-	1 099	-	-	-	1 099	(1 099)
<i>Distribution</i>	448 954 730	-	147 943 985	8 378 732	-	605 277 446	-	-	-	-	100 141 106	10 284 668	-	-	(19 879 596)	90 546 178	514 731 268
<i>PRV Stations</i>	-	-	15 167 738	-	-	15 167 738	-	-	-	-	-	-	-	-	-	-	15 167 738
<i>Pump Stations</i>	7 798 370	-	13 924 910	-	-	21 723 281	-	-	-	-	1 809 316	270 078	-	-	23 140	2 102 534	19 620 746
<i>Reservoirs</i>	292 873 652	-	99 509 165	120 404 809	-	512 787 626	-	-	-	-	106 958 465	7 622 369	-	-	(4 648 474)	109 932 360	402 855 266
<i>Water Treatment Works (WTW)</i>	5 311 384	-	43 477 323	-	-	48 788 707	-	-	-	-	349 463	86 815	-	-	(1 007)	435 271	48 353 436
<i>Work in Progress</i>	-	-	-	-	-	-	1 045 656 598	(5 507 365)	-	1 040 149 233	-	-	-	-	-	-	1 040 149 233
	4 099 847 059	-	594 542 345	114 778 488	(1 744 778)	4 807 423 114	1 045 656 598	(5 507 365)	-	1 040 149 233	1 581 599 666	80 903 463	(845 369)	-	(293 119 656)	1 368 538 104	4 479 034 243
Community Assets																	
<i>Other Community Assets</i>	283 845 043	(72 740 180)	8 901 820	(114 199 378)	(100 652)	105 706 652	-	-	-	-	167 216 244	10 285 788	-	-	(79 140 351)	98 361 681	7 344 971
	283 845 043	(72 740 180)	8 901 820	(114 199 378)	(100 652)	105 706 652	-	-	-	-	167 216 244	10 285 788	-	-	(79 140 351)	98 361 681	7 344 971
Other Assets																	
<i>Computer Equipment</i>	13 955 614	-	1 446 710	-	(7 691 230)	7 711 094	-	-	-	-	9 912 983	1 307 117	(6 611 879)	-	-	4 608 221	3 102 873
<i>Furniture and Office Equipment</i>	21 270 294	-	463 085	-	(2 994 323)	18 739 055	-	-	-	-	17 336 970	902 493	(2 620 560)	-	(5)	15 618 898	3 120 157
<i>Machinery and Equipment</i>	34 981 961	73 600	94 020	-	(7 130 906)	28 018 675	-	-	-	-	14 653 177	1 812 507	(6 068 344)	-	3 837	10 401 177	17 617 499
	70 207 868	73 600	2 003 815	-	(17 816 459)	54 468 824	-	-	-	-	41 903 130	4 022 117	(15 300 782)	-	3 832	30 628 296	23 840 528
Transport Assets																	
<i>Transport Assets</i>	61 149 922	-	7 697 916	-	(6 863 696)	61 984 141	-	-	-	-	38 826 272	3 647 130	(5 900 411)	-	-	36 572 990	25 411 151
	61 149 922	-	7 697 916	-	(6 863 696)	61 984 141	-	-	-	-	38 826 272	3 647 130	(5 900 411)	-	-	36 572 990	25 411 151
Total	7 091 274 084	(2 149 859 154)	616 559 700	(106 948)	(27 661 983)	5 530 205 699	1 045 656 598	(5 507 365)	-	1 040 149 233	1 868 441 328	98 858 498	(22 321 991)	-	(375 907 676)	1 569 070 159	5 001 284 774
						0.00				0.00						0.00	0.00

APPENDIX B
MOGALAKWENA MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2018

Description	Cost / Revaluation						Under Construction				Accumulated Depreciation						Carrying
	Opening	Correction of Error & Change in Policy	Additions	Transfers	Disposals	Closing	Opening	Additions	Transferred	Closing	Opening	Additions	Disposals	Transfers	Other Changes	Closing	
Land and Buildings	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R

MOGALAKWENA MUNICIPALITY
ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 JUNE 2018

Description	Cost / Fair Value						Under Construction				Accumulated Depreciation						Carrying
	Opening	Correction of Error & Change in Policy	Additions	Transfers	Disposals	Closing	Opening	Additions	Transferred	Closing	Opening	Additions	Disposals	Transfers	Other Changes	Closing	
Investment Properties	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
<i>Investment Properties</i>	41 312 319	(1 885 963)	-	-	-	39 426 356	-	-	-	-	5 952 894	113 868	-	-	(4 670 297)	1 396 465	38 029 892
	41 312 319	(1 885 963)	-	-	-	39 426 356	-	-	-	-	5 952 894	113 868	-	-	(4 670 297)	1 396 465	38 029 892
						0.00				0.00							

MOGALAKWENA MUNICIPALITY
ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2018

Description	Cost / Revaluation						Under Construction				Accumulated Amortisation						Carrying
	Opening	Correction of Error & Change in Policy	Additions	Transfers	Disposals	Closing	Opening	Additions	Transferred	Closing	Opening	Additions	Disposals	Transfers	Other Changes	Closing	
Intangible Assets	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
<i>Computer Software</i>	-	-	-	-	-	-	-	-	-	-	-	294 115	-	-	-	294 115	(294 115)
<i>Franchises and Consents</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Service, Operating and Land Rights</i>	7 615 200	890	-	-	(2 625 284)	4 990 805	-	-	-	-	5 630 107	-	(2 558 050)	-	742	3 072 798	1 918 007
	7 615 200	890	-	-	(2 625 284)	4 990 805	-	-	-	-	5 630 107	294 115	(2 558 050)	-	742	3 366 913	1 623 892
						0.00				0.00							

MOGALAKWENA MUNICIPALITY
ANALYSIS OF HERITAGE ASSETS AS AT 30 JUNE 2018

Description	Cost / Revaluation						Under Construction				Accumulated Amortisation						Carrying
	Opening	Correction of Error & Change in Policy	Additions	Transfers	Disposals	Closing	Opening	Additions	Transferred	Closing	Opening	Additions	Disposals	Transfers	Other Changes	Closing	
Heritage Assets	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
<i>National Parks</i>	5 736 342	-	-	-	-	5 736 342	-	-	-	-	-	-	-	-	-	-	5 736 342
	5 736 342	-	-	-	-	5 736 342	-	-	-	-	-	-	-	-	-	-	5 736 342
						0.00				0.00							
Total Asset Register	7 145 937 945	(2 151 744 227)	616 559 700	(106 948)	(30 287 268)	5 580 359 203	1 045 656 598	(5 507 365)	-	1 040 149 233	1 880 024 329	99 266 481	(24 880 042)	-	(380 577 231)	1 573 833 537	5 046 674 899

APPENDIX C
MOGALAKWENA MUNICIPALITY
SEGMENTAL ANALYSIS OF CAPITAL ASSETS AS AT 30 JUNE 2018

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Executive and Council	-	-	-	-	-	-	-	-	-	-	-	-
Budget and Treasury Office	-	-	-	-	-	-	-	-	-	-	-	-
Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-
Community and Social Services	-	-	-	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-	-	-	-
Sport and Recreation	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-	-	-	-	-
Planning and Development	-	-	-	-	-	-	-	-	-	-	-	-
Roads and Transport	-	-	-	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-
Waste Water Management	-	-	-	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-

APPENDIX D
MOGALAKWENA MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018

2017 Actual Income	2017 Budgeted Income	2017 Actual Expenditure	2017 Budgeted Expenditure	2017 Surplus/ (Deficit)	Description	2018 Actual Income	2018 Budgeted Income	2018 Actual Expenditure	2018 Budgeted Expenditure	2018 Surplus/ (Deficit)
R	R	R	R	R		R	R	R	R	R
					Municipal Governance and Administration					
401 266 634	(354 796 945)	99 440 038	(116 253 615)	301 826 596	Executive and Council	16 658 749	9 425 202	112 185 048	13 382 193	(95 526 300)
72 918 581	(71 954 782)	86 580 296	(123 662 492)	(13 661 715)	Finance and Administration	738 058 232	(9 935 753)	100 648 379	9 282 936	637 409 853
-	-	-	196 393	-	Internal Audit	-	-	2 042 218	474 281	(2 042 218)
					Community and Public Safety					
343 908	(748 347)	69 135 038	(1 178 202)	(68 791 130)	Community and Social Services	384 177	114 632	20 975 975	7 773 579	(20 591 798)
38 517 597	(8 849 652)	9 942 535	(9 940 429)	28 575 061	Public Safety	8 480 510	2 707 875	9 692 075	(1 892 983)	(1 211 565)
5 563	(381 516)	17 116 336	(13 489 959)	(17 110 773)	Sport and Recreation	35 992	19 710	15 199 390	4 279 078	(15 163 398)
153 922	(158 740)	796 055	(997 932)	(642 133)	Housing	151 643	-	901 163	694 623	(749 520)
					Economic and Environmental Services					
-	-	-	-	-	Environmental Protection	-	-	-	-	-
8 905 330	(13 616 741)	21 241 859	(25 194 604)	(12 336 528)	Planning and Development	1 032 204	232 532	19 219 933	13 967 459	(18 187 729)
35 307 701	(41 721 871)	344 691 970	(208 897 389)	(309 384 269)	Road Transport	36 870 336	1 889 160	207 534 523	(115 968 952)	(170 664 188)
					Trading Services					
193 515 767	(226 893 019)	252 312 837	(239 304 551)	(58 797 071)	Energy Sources	264 678 397	(2 498 734)	246 246 201	15 974 509	18 432 196
13 082 668	(20 267 784)	31 972 299	(32 696 070)	(18 889 631)	Waste Management	21 171 461	1 284 873	34 840 760	(3 795 755)	(13 669 299)
786 266	(327 264)	4 072 799	1 244 291	(3 286 534)	Waste Water Management	24 356 408	945 939	42 925 421	(19 728 763)	(18 569 014)
298 705 740	(359 188 942)	219 443 753	(179 622 226)	79 261 987	Water Management	289 459 994	(8 608 860)	210 682 252	(17 807 945)	78 777 742
-	-	975 422	(1 226 793)	(975 422)	Other	-	-	962 988	52 649	(962 988)
1 063 509 677	(1 098 905 603)	1 157 721 237	(951 023 578)	(94 211 561)	Sub-Total	1 401 338 103	(4 423 424)	1 024 056 328	(93 313 091)	377 281 776
11 096 192	27 100 000	-	-	11 096 192	Gains and Losses	(13 751 858)	-	30 989 325	-	(44 741 183)
1 074 605 868	(1 071 805 603)	1 157 721 237	(951 023 578)	(83 115 369)	Total	1 387 586 245	(4 423 424)	1 055 045 652	(93 313 091)	332 540 593

MOGALAKWENA MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY STANDARD CLASSIFICATION FOR THE YEAR ENDED 30 JUNE 2018

Description	2017/18												2016/17
	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Outcome
	R	R	R	R	R	R		R	R	R	R	R	R
REVENUE - STANDARD													
Municipal Governance and Administration													
Executive and Council	400 477 050	(400 477 050)	-	391 051 848	391 051 848	(400 477 050)	(9 425 202)	16 658 749	-	26 083 951	0.00	4.16	401 266 634
Finance and Administration	70 790 213	(70 790 213)	-	80 725 966	80 725 966	(70 790 213)	9 935 753	738 058 232	-	728 122 479	7 428.31	1 042.60	72 918 581
Internal Audit	2 246	(2 246)	-	2 246	2 246	(2 246)	-	-	-	-	0.00	0.00	-
Community and Public Safety													
Community and Social Services	454 289	(454 289)	-	339 657	339 657	(454 289)	(114 632)	384 177	-	498 809	0.00	84.57	343 908
Public Safety	8 593 552	(8 593 552)	-	5 885 677	5 885 677	(8 593 552)	(2 707 875)	8 480 510	-	11 188 385	0.00	98.68	38 517 597
Sport and Recreation	15 559 728	(15 559 728)	-	15 540 018	15 540 018	(15 559 728)	(19 710)	35 992	-	55 702	0.00	0.23	5 563
Housing	168 423	(168 423)	-	168 423	168 423	(168 423)	-	151 643	-	151 643	0.00	90.04	153 922
Health	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-
Economic and Environmental Services													
Environmental Protection	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-
Planning and Development	12 723 238	(12 723 238)	-	12 490 706	12 490 706	(12 723 238)	(232 532)	1 032 204	-	1 264 736	0.00	8.11	8 905 330
Road Transport	54 324 199	(54 324 199)	-	52 435 039	52 435 039	(54 324 199)	(1 889 160)	36 870 336	-	38 759 496	0.00	67.87	35 307 701
Trading Services													
Energy Sources	261 290 934	(261 290 934)	-	263 789 668	263 789 668	(261 290 934)	2 498 734	264 678 397	-	262 179 663	10 592.50	101.30	193 515 767
Waste Management	17 433 934	(17 433 934)	-	16 149 061	16 149 061	(17 433 934)	(1 284 873)	21 171 461	-	22 456 334	0.00	121.44	13 082 668
Waste Water Management	26 495 857	(26 495 857)	-	25 549 918	25 549 918	(26 495 857)	(945 939)	24 356 408	-	25 302 347	0.00	91.93	786 266
Water Management	348 571 693	(348 571 693)	-	357 180 553	357 180 553	(348 571 693)	8 608 860	289 459 994	-	280 851 134	3 362.35	83.04	298 705 740
Other	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-
Total Revenue - Standard	1 216 885 356	(1 216 885 356)	-	1 221 308 780	1 221 308 780	(1 216 885 356)	4 423 424	1 401 338 103	-	1 396 914 679	0.00	115.16	1 063 509 677
EXPENDITURE - STANDARD													
Municipal Governance and Administration													
Executive and Council	94 030 548	(94 030 548)	-	87 276 326	87 276 326	(100 658 519)	(13 382 193)	112 185 048	-	125 567 241	0.00	119.31	99 440 038
Finance and Administration	113 025 852	(113 025 852)	-	137 839 468	137 839 468	(147 122 404)	(9 282 936)	100 648 379	-	109 931 315	0.00	89.05	86 580 296
Internal Audit	2 635 191	(2 635 191)	-	2 269 858	2 269 858	(2 744 139)	(474 281)	2 042 218	-	2 516 499	0.00	77.50	-
Community and Public Safety													
Community and Social Services	22 453 157	(22 453 157)	-	18 770 762	18 770 762	(26 544 341)	(7 773 579)	20 975 975	-	28 749 554	0.00	93.42	69 135 038
Public Safety	8 161 159	(8 161 159)	-	8 080 435	8 080 435	(6 187 452)	1 892 983	9 692 075	-	7 799 092	512.00	118.76	9 942 535
Sport and Recreation	17 214 049	(17 214 049)	-	17 419 281	17 419 281	(21 698 359)	(4 279 078)	15 199 390	-	19 478 468	0.00	88.30	17 116 336
Housing	1 570 300	(1 570 300)	-	1 077 837	1 077 837	(1 772 460)	(694 623)	901 163	-	1 595 786	0.00	57.39	796 055
Health	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-
Economic and Environmental Services													
Environmental Protection	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-
Planning and Development	33 997 751	(33 997 751)	-	28 607 106	28 607 106	(42 574 565)	(13 967 459)	19 219 933	-	33 187 392	0.00	56.53	21 241 859
Road Transport	90 445 929	(90 445 929)	-	169 305 792	169 305 792	(53 336 840)	115 968 952	207 534 523	-	91 565 571	178.96	229.46	344 691 970
Trading Services													
Energy Sources	255 738 875	(255 738 875)	-	241 758 339	241 758 339	(257 732 848)	(15 974 509)	246 246 201	-	262 220 710	0.00	96.29	252 312 837
Waste Management	29 452 902	(29 452 902)	-	33 015 687	33 015 687	(29 219 932)	3 795 755	34 840 760	-	31 045 005	917.89	118.29	31 972 299
Waste Water Management	19 907 176	(19 907 176)	-	27 007 672	27 007 672	(7 278 909)	19 728 763	42 925 421	-	23 196 658	217.58	215.63	4 072 799
Water Management	168 207 088	(168 207 088)	-	178 516 111	178 516 111	(160 708 166)	17 807 945	210 682 252	-	192 874 307	1 183.08	125.25	219 443 753
Other	1 132 479	(1 132 479)	-	1 048 342	1 048 342	(1 100 991)	(52 649)	962 988	-	1 015 637	0.00	85.03	975 422
Total Expenditure - Standard	857 972 456	(857 972 456)	-	951 993 016	951 993 016	(858 679 925)	93 313 091	1 024 056 328	-	930 743 237	0.00	119.36	1 157 721 237
Gains and Losses	(8 753 100)				(8 753 100)			17 237 467	-	17 237 467	0.00	0.00	(11 096 192)
Surplus/(Deficit) for the year	367 666 000	(358 912 900)	-	269 315 764	278 068 864	(358 205 431)	(88 889 667)	360 044 309	-	466 171 443	0.00	97.93	(83 115 369)

APPENDIX E(2)
MOGALAKWENA MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY MUNICIPAL VOTE FOR THE YEAR ENDED 30 JUNE 2018

Description	2017/18												2016/17
	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Outcome
	R	R	R	R	R	R		R	R	R	R	R	R
REVENUE BY VOTE													
Executive and Council	400 486 034	(400 486 034)	-	391 060 832	391 060 832	(400 486 034)	(9 425 202)	16 658 749	-	26 083 951	0.00	4.16	16 658 749
Finance and Administration	78 660 931	(78 660 931)	-	80 373 619	80 373 619	(78 660 931)	1 712 688	442 429 879	-	440 717 191	25 832.49	562.45	442 429 879
Internal Audit	(7 639 006)	7 639 006	-	585 294	585 294	7 639 006	8 224 300	1 443 523	-	(6 780 777)	17.55	0.00	1 443 523
Community and Social Services	33 319 994	(33 319 994)	-	31 918 660	31 918 660	(33 319 994)	(1 401 334)	21 435 403	-	22 836 737	0.00	64.33	21 435 403
Public Safety	7 038 508	(7 038 508)	-	7 031 937	7 031 937	(7 038 508)	(6 571)	229 975	-	236 546	0.00	3.27	229 975
Sport and Recreation	23 462 751	(23 462 751)	-	18 865 716	18 865 716	(23 462 751)	(4 597 035)	45 338 275	-	49 935 310	0.00	193.24	45 338 275
Housing	256 073 934	(256 073 934)	-	263 789 668	263 789 668	(256 073 934)	7 715 734	248 315 040	-	240 599 306	3 218.29	96.97	248 315 040
Health	425 482 210	(425 482 210)	-	427 683 054	427 683 054	(425 482 210)	2 200 844	625 487 260	-	623 286 416	28 420.34	147.01	625 487 260
Total Revenue - Vote	1 216 885 356	(1 216 885 356)	-	1 221 308 780	1 221 308 780	(1 216 885 356)	4 423 424	1 401 338 103	-	1 396 914 679	0.00	115.16	1 401 338 103
EXPENDITURE BY VOTE													
Executive and Council	101 607 987	(101 607 987)	-	93 673 766	93 673 766	(109 675 874)	(16 002 108)	116 736 677	-	132 738 785	0.00	114.89	116 736 677
Finance and Administration	34 564 788	(34 564 788)	-	49 218 565	49 218 565	(32 658 721)	16 559 844	49 960 165	-	33 400 321	301.69	144.54	49 960 165
Internal Audit	73 647 609	(73 647 609)	-	78 451 357	78 451 357	(106 955 834)	(28 504 477)	49 295 613	-	77 800 090	0.00	66.93	49 295 613
Community and Social Services	62 393 432	(62 393 432)	-	66 996 804	66 996 804	(69 952 547)	(2 955 743)	63 888 714	-	66 844 457	0.00	102.40	63 888 714
Public Safety	27 958 230	(27 958 230)	-	22 076 842	22 076 842	(32 177 771)	(10 100 929)	16 973 365	-	27 074 294	0.00	60.71	16 973 365
Sport and Recreation	58 573 761	(58 573 761)	-	82 756 342	82 756 342	(60 250 298)	22 506 044	80 332 028	-	57 825 984	356.94	137.15	80 332 028
Housing	249 422 234	(249 422 234)	-	238 639 022	238 639 022	(249 006 410)	(10 367 388)	245 172 358	-	255 539 746	0.00	98.30	245 172 358
Health	249 804 415	(249 804 415)	-	320 180 318	320 180 318	(198 002 470)	122 177 848	401 697 407	-	279 519 559	328.78	160.80	401 697 407
Total Expenditure - Vote	857 972 456	(857 972 456)	-	951 993 016	951 993 016	(858 679 925)	93 313 091	1 024 056 328	-	930 743 237	0.00	119.36	1 024 056 328
Gains and Losses	(8 753 100)				(8 753 100)			17 237 467	-	17 237 467	0.00	0.00	(11 096 192)
Surplus/(Deficit) for the year	367 666 000	(358 912 900)	-	269 315 764	278 068 864	(358 205 431)	(88 889 667)	360 044 309	-	466 171 443	0.00	97.93	388 377 967
													471 493 336

APPENDIX E (3)
MOGALAKWENA MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018

Description	2017/18												Restated Outcome
	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	
	R	R	R	R	R	R		R	R	R	R	R	R
Revenue from Non-exchange Transactions													
Property Rates	71 242 544	(71 242 544)	-	73 021 541	73 021 541	(71 242 544)	1 778 997	64 099 779	-	62 320 782	3 603.14	89.97	59 618 321
Fines, Penalties and Forfeits	5 990 872	(5 990 872)	-	3 966 714	3 966 714	(5 990 872)	(2 024 158)	25 998 815	-	28 022 973	0.00	433.97	2 200 982
Licences and Permits	45 708	(45 708)	-	30 625	30 625	(45 708)	(15 083)	19 522	-	34 605	0.00	42.71	1 457 167
Transfers and Subsidies	753 205 752	(753 205 752)	-	732 625 473	732 625 473	(753 205 752)	(20 580 279)	914 796 631	-	935 376 910	0.00	121.45	696 186 307
Interest, Dividends and Rent on Land Earned	-	-	-	-	-	-	-	7 891 755	-	7 891 755	0.00	0.00	-
Revenue from Exchange Transactions													
Licences and Permits	8 983 254	(8 983 254)	-	9 036 454	9 036 454	(8 983 254)	53 200	10 870 907	-	10 817 707	20 434.04	121.01	7 141 451
Service Charges	339 314 012	(339 314 012)	-	355 768 133	355 768 133	(339 314 012)	16 454 121	313 832 071	-	297 377 950	1 907.32	92.49	246 544 386
Sales of Goods and Rendering of Services	(6 013 554)	6 013 554	-	2 292 475	2 292 475	6 013 554	8 306 029	2 271 223	-	(6 034 806)	27.34	0.00	(225 353)
Rental from Fixed Assets	1 492 027	(1 492 027)	-	596 894	596 894	(1 492 027)	(895 133)	7 053 091	-	7 948 224	0.00	472.72	(10 036 369)
Interest, Dividends and Rent on Land Earned	42 166 466	(42 166 466)	-	41 706 644	41 706 644	(42 166 466)	(459 822)	47 590 358	-	48 050 180	0.00	112.86	41 800 957
Operational Revenue	458 275	(458 275)	-	2 263 827	2 263 827	(458 275)	1 805 552	2 109 106	-	303 554	116.81	460.23	18 081 697
Gains on Disposal of Property, Plant and Equipment	8 753 100	(8 753 100)	-	8 753 100	8 753 100	(8 753 100)	-	8 492 990	-	8 492 990	0.00	97.03	11 096 192
Total Revenue (excluding Capital Transfers & Contributions)	1 225 638 456	(1 225 638 456)	-	1 230 061 880	1 230 061 880	(1 225 638 456)		1 405 026 248	-	1 400 602 824	0.00	114.64	1 073 865 739
EXPENDITURE													
Employee Related Costs	337 777 993	(337 777 993)	-	329 327 936	329 327 936	(416 545 573)	(87 217 637)	243 443 560	-	330 661 197	0.00	72.07	212 449 004
Remuneration of Councillors	-	-	-	5 256 402	5 256 402	4 813 565	10 069 967	10 025 765	-	(44 202)	99.56	0.00	18 225 312
Depreciation and Amortisation	91 418 117	(91 418 117)	-	43 636 411	43 636 411	(77 561 863)	(33 925 452)	101 552 312	-	135 477 764	0.00	111.09	341 552 658
Impairment Losses	38 140 278	(38 140 278)	-	25 077 632	25 077 632	(38 140 278)	(13 062 646)	86 291 003	-	99 353 649	0.00	226.25	37 233 035
Interest, Dividends and Rent on Land	-	-	-	-	-	-	-	2 839 949	-	2 839 949	0.00	0.00	2 868 974
Bulk Purchases	229 704 527	(229 704 527)	-	213 191 663	213 191 663	(211 455 171)	1 736 492	230 940 577	-	229 204 085	13 299.26	100.54	184 644 715
Contracted Services	104 126 249	(104 126 249)	-	248 755 703	248 755 703	(59 084 478)	189 671 225	292 447 839	-	102 776 614	154.19	280.86	282 872 560
Inventory Consumed	3 534 274	(3 534 274)	-	26 747 973	26 747 973	(10 310 474)	16 437 499	19 249 094	-	2 811 595	117.10	544.64	26 899 949
Transfers and Subsidies Paid	1 626 419	(1 626 419)	-	1 309 754	1 309 754	(1 626 419)	(316 665)	1 212 043	-	1 528 708	0.00	74.52	221 337
Operating Leases	1 417 847	(1 417 847)	-	4 616 967	4 616 967	(1 566 819)	3 050 148	4 108 972	-	1 058 824	134.71	289.80	10 687 164
Operational Costs	50 226 752	(50 226 752)	-	54 072 575	54 072 575	(47 202 415)	6 870 160	52 870 824	-	46 000 664	769.57	105.26	39 326 400
Total Expenditure	857 972 456	(857 972 456)	-	951 993 016	951 993 016	(858 679 925)		1 044 981 938	-	951 668 847	0.00	121.80	1 156 981 108
Surplus/(Deficit) for the Year	367 666 000	-	-	-	278 068 864	-	-	360 044 309	-	-	-	97.93	(83 115 369)

APPENDIX E(5)
MOGALAKWENA MUNICIPALITY
RECONCILIATION OF BUDGETED CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

Description	2017/18											2016/17
	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Outcome
	R	R	R	R	R	R				R	R	R
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property Rates	73 200 641	-	73 200 641	-	73 200 641	-	73 200 641	48 919 917	(24 280 724)	66.83	66.83	46 929 899
Transfers and Subsidies	752 817 881	-	752 817 881	-	752 817 881	-	752 817 881	1 028 423 988	275 606 107	136.61	136.61	663 811 752
Service Charges	354 001 165	-	354 001 165	-	354 001 165	-	354 001 165	252 289 940	(101 711 225)	71.27	71.27	199 200 399
External Interest and Dividends Received	42 166 467	-	42 166 467	-	42 166 467	-	42 166 467	16 287 548	(25 878 919)	38.63	38.63	31 114 322
Other Receipts	21 791 100	-	21 791 100	-	21 791 100	-	21 791 100	47 475 789	25 684 689	217.87	217.87	20 761 871
Payments												
Employee Related Costs	-	-	-	-	-	-	-	(269 002 813)	(269 002 813)	0.00	0.00	(211 221 644)
Remuneration of Councillors	-	-	-	-	-	-	-	(10 025 765)	(10 025 765)	0.00	0.00	(18 225 312)
External Interest and Dividends Paid	-	-	-	-	-	-	-	(2 839 949)	(2 839 949)	0.00	0.00	(2 868 974)
Suppliers Paid	(854 933 272)	-	(854 933 272)	-	(854 933 272)	-	(854 933 272)	(963 736 160)	(108 802 888)	0.00	0.00	(488 625 410)
Other Payments	(30 131 082)	-	(30 131 082)	-	(30 131 082)	-	(30 131 082)	#####	#####	0.00	0.00	(49 560 750)
NET CASH FROM / (USED) OPERATING ACTIVITIES	358 912 900	-	358 912 900	-	358 912 900	-	358 912 900	#####	#####	0.00	100.00	120 632 515
CASH FLOWS FROM INVESTING ACTIVITIES												
Purchase of Property, Plant and Equipment	(367 666 000)	-	(367 666 000)	-	(367 666 000)	-	(367 666 000)	(611 052 335)	(243 386 335)	0.00	0.00	(449 597 395)
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	0.00	0.00	(677 104)
Proceeds on Disposal of Property, Plant and Equipment	8 753 100	-	8 753 100	-	8 753 100	-	8 753 100	13 900 216	5 147 116	158.80	158.80	23 068 192
Correction of Prior Year Errors	-	-	-	-	-	-	-	2 149 858 264	2 149 858 264	0.00	0.00	-
Decrease / (Increase) in Long-term Receivables	-	-	-	-	-	-	-	(15 698 138)	(15 698 138)	0.00	0.00	(1 137 365)
NET CASH FROM / (USED) INVESTING ACTIVITIES	(358 912 900)	-	(358 912 900)	-	(358 912 900)	-	(358 912 900)	1 537 008 007	1 895 920 907	0.00	0.00	(428 343 673)
CASH FLOWS FROM FINANCING ACTIVITIES												
NET CASH FROM / (USED) FINANCING ACTIVITIES	-	-	-	-	-	-	-	-	-	0.00	0.00	-
NET INCREASE / (DECREASE) IN CASH HELD	-	-	-	-	-	-	-	77 016 353		0.00	0.00	307 711 158
Cash / Cash Equivalents at the Year begin:	-	-	-	-	-	-	-	219 255 882	219 255 882	0.00	0.00	526 967 040
Cash / Cash Equivalents at the Year end:	-	-	-	-	-	-	-	142 239 529	142 239 529	0.00	0.00	219 255 882

APPENDIX F
MOGALAKWENA MUNICIPALITY
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grants and Subsidies Received

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies Delayed / Withheld				Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*) See below	Reason for Non-compliance
		Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June		Yes / No	
Equitable Share	Nat Treasury	154 023 000	116 771 000	92 413 000	0	154 023 000	116 771 000	92 413 000	0	0	0	0	0	MIG	Yes	N/A
FMG	Nat Treasury	1 700 000	0	0	0	454 082	520 097	575 822	149 999	0	0	0	0	N/A	Yes	N/A
MIG Projects	MIG	62 088 000	56 386 000	34 337 000	0	30 393 226	36 822 527	17 468 158	59 231 644	0	0	0	0	N/A	Yes	N/A
MWIG	DWAF	25 000 000		25 000 000	0	1 586 993	10 616 593	9 456 527	28 471 529	0	0	0	0	N/A	Yes	N/A
Bulk Infrastructure Grant	DWAF	36 546 282	45 994 156	31 764 831	21 973 586	36 755 912	35 265 666	22 116 493	16 733 163	0	0	0	0	N/A	Yes	N/A
DME Projects	DME	3 500 000	9 500 000	0	0	0	274 867	0	12 725 133	0	0	0	0	N/A	Yes	N/A
EPWP Incentive Grant	Province	274 000	491 000	328 000	0	0	271 408	229 120	578 406	0	0	0	0	N/A	Yes	N/A
Total Grants and Subsidies Received		283 131 282	229 142 156	183 842 831	21 973 586	223 213 212	200 542 160	142 259 120	117 889 874	0	0	0	0			
(*) Did your municipality comply with the grant conditions in terms of "Grant Framework" in the latest Division of Revenue Act?																

APPENDIX G
MOGALAKWENA MUNICIPALITY
STATEMENT OF REMUNERATION OF MANAGEMENT

30 June 2018

Incumbent	Fees for Services	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Other Short-term Benefits	Post- employment Benefits	Termination Benefits	Other Long-term Benefits	Commissions, Gains or Surpluses	Any Other Benefits	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R	R
Mayor												
Matsemela R.A.	-	538 966	-	337 520	80 845	-	-	-	-	-	-	957 330
Speaker												
Mathebula H.S.	-	416 504	-	312 359	79 756	-	-	-	-	-	-	808 619
Executive Committee												
Dekker K.Q.	-	259 860	-	130 843	-	-	-	-	-	-	-	390 703
Langa L.D.	-	404 557	-	262 937	60 684	-	-	-	-	-	-	728 177
Lelaka M.S.	-	225 504	-	251 265	33 826	-	-	-	-	-	-	510 595
Maepa M.J.	-	225 878	-	231 275	33 882	-	-	-	-	-	-	491 035
Masipa S.R.	-	210 349	-	130 843	49 200	-	-	-	-	-	-	390 392
Mokwele M.F.	-	404 888	-	199 353	60 733	-	-	-	-	-	-	664 975
Olifant P.L.	-	225 878	-	130 843	33 882	-	-	-	-	-	-	390 603
Senoamadi M.M.	-	404 888	-	199 353	60 733	-	-	-	-	-	-	664 975
Tlhaku M.S.	-	392 233	-	261 564	60 681	-	-	-	-	-	-	714 478
Other Councillors												
Baloyi M.B.	-	170 706	-	160 879	25 606	-	-	-	-	-	-	357 190
Coetzee Y.	-	170 706	-	109 782	25 606	-	-	-	-	-	-	306 094
Debeila S.A.	-	170 936	-	163 068	25 640	-	-	-	-	-	-	359 644
Hlako N.R.	-	170 849	-	109 782	25 627	-	-	-	-	-	-	306 259
Kekana M.E.	-	170 738	-	138 518	25 611	-	-	-	-	-	-	334 866
Kekana V.H.	-	377 295	-	221 839	74 515	-	-	-	-	-	-	673 649
Laka L.E.	-	170 802	-	169 731	25 620	-	-	-	-	-	-	366 153
Lamola L.N.	-	170 849	-	140 995	25 627	-	-	-	-	-	-	337 472
Langa M.J.	-	170 932	-	265 439	25 640	-	-	-	-	-	-	462 011
Legodi L.G.	-	170 838	-	179 903	25 626	-	-	-	-	-	-	376 366
LentSoane M.C.	-	170 706	-	165 692	25 606	-	-	-	-	-	-	362 003
Leshiba M.C.	-	170 849	-	143 472	25 627	-	-	-	-	-	-	339 949
Leso E.N.	-	170 849	-	212 747	25 627	-	-	-	-	-	-	409 224
Letwaba M.S.	-	170 706	-	169 961	25 606	-	-	-	-	-	-	366 273
Madiba M.J.	-	170 870	-	255 034	25 630	-	-	-	-	-	-	451 533
Magongwa B.N.	-	170 849	-	109 782	25 627	-	-	-	-	-	-	306 259
Mahladisa M.E.	-	170 849	-	183 093	25 627	-	-	-	-	-	-	379 570
Makgeta T.J.	-	170 849	-	195 400	25 627	-	-	-	-	-	-	391 877
Maloba L.P.	-	36 614	-	24 091	5 492	-	-	-	-	-	-	66 197
Maluleke K.J.	-	170 849	-	166 837	25 627	-	-	-	-	-	-	363 313
Mampane M.J.	-	170 752	-	187 699	25 613	-	-	-	-	-	-	384 064
Maritz F.M.	-	196 552	-	109 782	-	-	-	-	-	-	-	306 335
Mashala L.J.	-	170 849	-	146 025	25 627	-	-	-	-	-	-	342 501
Mashao M.L.	-	170 849	-	109 782	25 627	-	-	-	-	-	-	306 259
Matlala M.S.	-	170 706	-	259 216	25 606	-	-	-	-	-	-	455 528
Meteleni M.S.	-	170 885	-	302 119	25 633	-	-	-	-	-	-	498 638
Mogale M.T.	-	163 301	-	246 954	33 135	-	-	-	-	-	-	443 390
Molefe L.J.	-	170 849	-	195 209	25 627	-	-	-	-	-	-	391 686
Molekoa R.M.	-	170 874	-	208 262	25 631	-	-	-	-	-	-	404 767
Moloto M.E.	-	170 743	-	224 800	25 611	-	-	-	-	-	-	421 154
Monama T.E.	-	170 706	-	188 338	25 606	-	-	-	-	-	-	384 650
Monare	-	170 774	-	231 261	25 616	-	-	-	-	-	-	427 652
Monene R.N.	-	170 849	-	109 782	25 627	-	-	-	-	-	-	306 259
Mooka T.L.	-	156 463	-	100 339	23 469	-	-	-	-	-	-	280 271
Mthilibofu L.W.	-	92 380	-	87 695	12 068	-	-	-	-	-	-	192 143

Incumbent	Fees for Services	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Other Short-term Benefits	Post-employment Benefits	Termination Benefits	Other Long-term Benefits	Commissions, Gains or Surpluses	Any Other Benefits	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R	R
Nkhuna B.T.	-	170 706	-	180 347	25 606	-	-	-	-	-	-	376 658
Poe T.T.	-	170 849	-	141 428	25 627	-	-	-	-	-	-	337 904
Puka L.E.	-	170 849	-	170 664	25 627	-	-	-	-	-	-	367 141
Rapatsa M.M.	-	404 225	-	295 389	60 634	-	-	-	-	-	-	760 247
Ratema M.A.	-	170 748	-	155 444	25 612	-	-	-	-	-	-	351 804
Satege L.K.	-	170 788	-	185 120	25 618	-	-	-	-	-	-	381 526
Seanego T.J.	-	170 887	-	225 600	25 633	-	-	-	-	-	-	422 120
Sebajane R.P.	-	170 835	-	231 385	25 625	-	-	-	-	-	-	427 845
Sebatjane M.P.	-	155 830	-	109 782	40 654	-	-	-	-	-	-	306 266
Seema S.E.	-	170 751	-	145 011	25 613	-	-	-	-	-	-	341 374
Sekhaolelo S.M.	-	170 849	-	109 782	25 627	-	-	-	-	-	-	306 259
Selemela R.G.	-	170 906	-	273 873	25 636	-	-	-	-	-	-	470 415
Senosha S.C.G.	-	170 849	-	144 126	25 627	-	-	-	-	-	-	340 603
Tefu M.S.	-	170 861	-	121 792	25 628	-	-	-	-	-	-	318 281
Thobane M.S.	-	170 706	-	164 024	25 606	-	-	-	-	-	-	360 336
Tjale M.R.	-	170 849	-	151 140	25 627	-	-	-	-	-	-	347 617
Tihako V.K.	-	170 849	-	202 517	25 627	-	-	-	-	-	-	398 994
Tselana P.A.	-	170 849	-	198 271	25 627	-	-	-	-	-	-	394 748
Total for Councillors	-	12 978 867	-	11 647 158	1 957 193	-	-	-	-	-	-	26 583 218
Incumbent	Fees for Services	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Other Short-term Benefits	Post-employment Benefits	Termination Benefits	Other Long-term Benefits	Commissions, Gains or Surpluses	Any Other Benefits	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R	R
Municipal Manager												
Mashele A.V.K. (Acting)	-	46 255	-	-	-	-	-	-	-	-	-	46 255
Mthombeni M.M. (Acting)	-	94 344	-	-	-	-	-	-	-	-	22 052	116 396
Chief Financial Officer												
Molenga S. (Acting)	-	-	-	-	-	-	-	-	-	-	62 870	62 870
Manager: Community Services												
Molala M.N.	-	934 834	91 844	-	196 936	-	-	-	-	-	156 229	1 379 843
Ngoepe H.S.M. (Acting)	-	75 509	-	-	-	-	-	-	-	-	3 978	79 487
Serope L.C. (Acting)	-	34 643	-	-	-	-	-	-	-	-	4 942	39 585
Manager: Corporate Services												
Tsebe M. (Acting)	-	292 234	18 840	-	-	-	-	-	-	-	61 566	372 640
Manager: Developmental Services												
Maluleka K.	-	61 312	-	-	13 033	-	-	-	-	-	5 623	79 968
Ntshani S.P. (Acting)	-	91 820	11 447	-	-	-	-	-	-	-	3 110	106 377
Manager: Technical Services												
Malepa K.D. (Acting)	-	61 920	-	-	-	-	-	-	-	-	-	61 920
Manager: Traffic and Emergency Services												
Mthombeni M.M.	-	781 680	65 067	-	163 157	-	-	-	-	-	124 962	1 134 866
Sibanda M.A. (Acting)	-	58 280	-	-	-	-	-	-	-	-	6 592	64 872
Total for Senior Managers	-	2 532 830	187 199	-	373 126	-	-	-	-	-	451 922	3 545 078
Total for Management	-	15 511 697	187 199	11 647 158	2 330 319	-	-	-	-	-	451 922	30 128 296

Incumbent	Fees for Services	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Other Short-term Benefits	Post- employment Benefits	Termination Benefits	Other Long-term Benefits	Commissions, Gains or Surpluses	Any Other Benefits	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R	R
Mayor												
Matsemela R.A.	-	468 815	-	242 431	70 322	-	-	-	-	-	-	781 568
Speaker												
Mathebula H.S.	-	357 699	-	185 099	69 495	-	-	-	-	-	-	612 293
Executive Committee												
Langa L.D.	-	352 894	-	180 305	52 934	-	-	-	-	-	-	586 133
Lebelo M.R. (Ms)	-	37 049	-	22 220	5 967	-	-	-	-	-	-	65 236
Lelaka M.S.	-	190 899	-	97 244	28 635	-	-	-	-	-	-	316 777
Maepa M.J.	-	190 899	-	93 130	28 635	-	-	-	-	-	-	312 663
Masipa S.R.	-	180 879	-	107 628	42 203	-	-	-	-	-	-	330 710
Mokwele M.F.	-	349 706	-	154 740	52 456	-	-	-	-	-	-	556 902
Molekoa R.M.	-	21 983	-	15 641	3 297	-	-	-	-	-	-	40 921
Montane N.S.	-	39 781	-	22 220	5 967	-	-	-	-	-	-	67 968
Olifant P.L.	-	190 899	-	93 130	28 635	-	-	-	-	-	-	312 663
Senoamadi M.M.	-	349 706	-	162 214	52 456	-	-	-	-	-	-	564 377
Tihaku M.S.	-	333 552	-	228 436	52 934	-	-	-	-	-	-	614 923
Other Councillors												
Choga R.S.	-	16 723	-	12 985	2 398	-	-	-	-	-	-	32 106
Gwangwa L.P.	-	16 723	-	12 984	2 398	-	-	-	-	-	-	32 105
Kganyago L.C.	-	16 723	-	12 984	2 398	-	-	-	-	-	-	32 105
Langa M.O.	-	16 723	-	12 984	2 398	-	-	-	-	-	-	32 105
Lebelo L.J.	-	16 723	-	12 984	2 398	-	-	-	-	-	-	32 105
Letlhaka M.A.	-	16 723	-	12 984	2 398	-	-	-	-	-	-	32 105
Mabula N.S.	-	16 723	-	12 984	2 398	-	-	-	-	-	-	32 105
Magongoa S.D.	-	16 723	-	13 636	2 398	-	-	-	-	-	-	32 757
Mahlaela R.L.	-	16 723	-	12 984	2 398	-	-	-	-	-	-	32 105
Manamela L.E.	-	16 723	-	21 062	2 398	-	-	-	-	-	-	40 183
Manganyi M.E.	-	16 723	-	18 923	2 398	-	-	-	-	-	-	38 044
Mathabathe L.J.	-	16 723	-	34 773	2 398	-	-	-	-	-	-	53 894
Miloana M.M.	-	16 723	-	14 848	2 398	-	-	-	-	-	-	33 969
Mokgotho L.B.	-	13 970	-	35 291	7 087	-	-	-	-	-	-	56 348
Mokonyane N.P.	-	16 723	-	23 598	2 398	-	-	-	-	-	-	42 719
Molaba M.S.	-	16 723	-	15 805	2 398	-	-	-	-	-	-	34 926
Molomo L.S.	-	16 723	-	12 984	2 398	-	-	-	-	-	-	32 105
Monama M.A.	-	19 121	-	12 729	-	-	-	-	-	-	-	31 850
Morkel-Brink G.E.	-	18 386	-	12 729	-	-	-	-	-	-	-	31 115
Motlohoneng D.P.	-	16 723	-	12 984	2 398	-	-	-	-	-	-	32 105
Mutshinya M.F.	-	15 988	-	12 521	2 398	-	-	-	-	-	-	30 907
Ngwetjana L.N.	-	15 988	-	12 521	2 398	-	-	-	-	-	-	30 907
Phokela M.D.	-	16 723	-	21 503	2 398	-	-	-	-	-	-	40 624
Rathupa M.E.	-	16 723	-	15 713	2 398	-	-	-	-	-	-	34 834
Sebele K.A.	-	16 723	-	12 984	2 398	-	-	-	-	-	-	32 105
Sekhu M.J.	-	16 723	-	12 984	2 398	-	-	-	-	-	-	32 105
Sekoala M.A.	-	12 893	-	6 681	1 934	-	-	-	-	-	-	21 509
Senyelo N.M.	-	16 723	-	12 984	2 398	-	-	-	-	-	-	32 105
Serumula T.A.	-	19 121	-	12 984	-	-	-	-	-	-	-	32 105
Setlatjile K.D.	-	16 723	-	12 984	2 398	-	-	-	-	-	-	32 105
Sithole S.A.	-	16 723	-	12 984	2 398	-	-	-	-	-	-	32 105
Somo M.L.	-	16 723	-	21 113	2 398	-	-	-	-	-	-	40 234
Surtee Z.	-	16 723	-	12 984	2 398	-	-	-	-	-	-	32 105
Tsebe M.A.	-	37 201	-	22 220	10 365	-	-	-	-	-	-	69 786

Incumbent	Fees for Services	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Other Short-term Benefits	Post- employment Benefits	Termination Benefits	Other Long-term Benefits	Commissions, Gains or Surpluses	Any Other Benefits	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R	R
Baloyi H.T.	-	144 388	-	93 283	21 658	-	-	-	-	-	-	259 329
Coetzee A.	-	154 126	-	77 800	16 091	-	-	-	-	-	-	248 016
Debeila S.A.	-	148 014	-	120 467	22 202	-	-	-	-	-	-	290 683
Dekker K.Q.	-	224 263	-	95 815	-	-	-	-	-	-	-	320 079
Kekana M.E.	-	144 388	-	88 382	21 658	-	-	-	-	-	-	254 428
Kekana M.T.	-	145 933	-	75 397	20 173	-	-	-	-	-	-	241 503
Kekana V.H.	-	329 068	-	159 346	64 476	-	-	-	-	-	-	552 889
Laka L.E.	-	144 388	-	96 019	21 658	-	-	-	-	-	-	262 065
Lamola L.N.	-	145 933	-	75 397	20 114	-	-	-	-	-	-	241 443
Langa M.J.	-	148 014	-	100 673	22 202	-	-	-	-	-	-	270 889
Legodi L.G.	-	148 014	-	107 239	22 202	-	-	-	-	-	-	277 456
Lentoane M.C.	-	148 014	-	96 445	22 202	-	-	-	-	-	-	266 661
Leshiba M.C.	-	144 388	-	75 397	21 658	-	-	-	-	-	-	241 443
Leso E.N.	-	144 388	-	75 397	21 658	-	-	-	-	-	-	241 443
Letwaba M.S.	-	148 014	-	111 970	22 202	-	-	-	-	-	-	282 187
Libisi E.J.	-	120 788	-	63 134	17 636	-	-	-	-	-	-	201 557
Madiba M.J.	-	148 014	-	128 222	22 202	-	-	-	-	-	-	298 439
Magongwa B.N.	-	145 933	-	75 397	20 114	-	-	-	-	-	-	241 443
Mahladisa M.E.	-	144 388	-	75 397	21 658	-	-	-	-	-	-	241 443
Makgeta T.J.	-	134 090	-	70 401	20 114	-	-	-	-	-	-	224 604
Maluleke K.J.	-	144 388	-	75 397	21 658	-	-	-	-	-	-	241 443
Mampane M.J.	-	145 933	-	100 933	20 114	-	-	-	-	-	-	266 979
Maritz F.M.	-	166 046	-	75 397	-	-	-	-	-	-	-	241 443
Mashala L.J.	-	148 014	-	91 928	22 202	-	-	-	-	-	-	262 145
Mashao M.L.	-	149 955	-	75 397	16 091	-	-	-	-	-	-	241 443
Matlala M.S.	-	144 388	-	135 169	21 658	-	-	-	-	-	-	301 215
Meteleni M.S.	-	144 388	-	141 699	21 658	-	-	-	-	-	-	307 745
Mogale M.T.	-	143 428	-	115 696	22 618	-	-	-	-	-	-	281 741
Molefe L.J.	-	145 933	-	75 397	20 114	-	-	-	-	-	-	241 443
Molekoa R.M.	-	144 388	-	75 397	21 658	-	-	-	-	-	-	241 443
Moloto M.E.	-	144 388	-	98 184	21 658	-	-	-	-	-	-	264 230
Monama T.E.	-	147 944	-	75 397	18 102	-	-	-	-	-	-	241 443
Monare	-	144 388	-	93 937	21 658	-	-	-	-	-	-	259 983
Monene R.N.	-	148 014	-	77 800	22 202	-	-	-	-	-	-	248 016
Mthilibofu L.W.	-	144 388	-	100 715	21 658	-	-	-	-	-	-	266 761
Nkhuna B.T.	-	144 388	-	87 620	21 658	-	-	-	-	-	-	253 666
Pooe T.T.	-	162 171	-	77 800	8 045	-	-	-	-	-	-	248 016
Puka L.E.	-	144 388	-	75 397	21 658	-	-	-	-	-	-	241 443
Rapatsa M.M.	-	354 123	-	161 637	53 121	-	-	-	-	-	-	568 881
Ratema M.A.	-	148 014	-	81 239	22 202	-	-	-	-	-	-	251 455
Satege L.K.	-	148 014	-	87 808	22 202	-	-	-	-	-	-	258 025
Seanego T.J.	-	151 967	-	75 397	14 079	-	-	-	-	-	-	241 443
Sebajane R.P.	-	144 388	-	107 783	21 658	-	-	-	-	-	-	273 829
Sebatjane M.P.	-	142 863	-	81 515	37 215	-	-	-	-	-	-	261 594
Seema S.E.	-	161 111	-	93 562	24 056	-	-	-	-	-	-	278 729
Sekhaolelo S.M.	-	144 388	-	75 397	21 658	-	-	-	-	-	-	241 443
Selemela R.G.	-	144 388	-	167 843	21 658	-	-	-	-	-	-	333 889
Senosha S.C.G.	-	148 092	-	77 800	22 125	-	-	-	-	-	-	248 016
Tefu M.S.	-	148 014	-	91 592	22 202	-	-	-	-	-	-	261 808
Thobane M.S.	-	160 012	-	80 000	6 034	-	-	-	-	-	-	246 046
Tjale M.R.	-	144 388	-	75 397	21 658	-	-	-	-	-	-	241 443
Tlhako V.K.	-	144 388	-	75 397	21 658	-	-	-	-	-	-	241 443
Tselana P.A.	-	144 388	-	75 397	21 658	-	-	-	-	-	-	241 443
Total for Councillors	-	11 892 238	-	7 059 435	1 719 947	-	-	-	-	-	-	20 671 620

Incumbent	Fees for Services	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Other Short-term Benefits	Post- employment Benefits	Termination Benefits	Other Long-term Benefits	Commissions, Gains or Surpluses	Any Other Benefits	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R	R
Municipal Manager												
Mthombeni (Acting)	-	14 599	-	-	-	-	-	-	-	-	-	14 599
Nake M.P. (Acting)	-	99 239	12 455	-	-	-	-	-	-	-	13 503	125 197
Chief Financial Officer												
Hurn A. (Acting)	-	21 650	-	-	-	-	-	-	-	-	5 674	27 324
Molenga S. (Acting)	-	-	-	-	-	-	-	-	-	-	58 346	58 346
Manager: Community Services												
Molala M.N.	-	1 170 830	103 503	-	243 516	-	-	-	-	-	130 950	1 648 798
Madisha E.R. (Acting)	-	106 294	-	-	-	-	-	-	-	-	5 053	111 347
Manager: Corporate Services												
Bontsi B.M. (Acting)	-	25 524	-	-	-	-	-	-	-	-	-	25 524
Tsebe M. (Acting)	-	255 927	10 962	-	-	-	-	-	-	-	83 165	350 054
Manager: Developmental Services												
Magale M.S. (Acting)	-	186 367	-	-	-	-	-	-	-	-	31 589	217 957
Ntshani S.P. (Acting)	-	32 069	-	-	-	-	-	-	-	-	-	32 069
Manager: Technical Services												
Malepa K.D. (Acting)	-	203 173	-	-	-	-	-	-	-	-	-	203 173
Manager: Traffic and Emergency Services												
Mthombeni M.M.	-	676 013	61 111	-	-	-	-	-	-	-	80 355	817 478
Total for Senior Managers	-	2 791 686	188 030	-	243 516	-	-	-	-	-	408 635	3 631 867
Total for Management	-	14 683 923	188 030	7 059 435	1 963 463	-	-	-	-	-	408 635	24 303 487

APPENDIX I
MOGALAKWENA MUNICIPALITY
SEGMENTAL ANALYSIS OF FINANCIAL PERFORMANCE

Year Ended 30 June 2018

Description	Executive and Council	Finance and Administration	Public Safety	Housing	Environmental Protection	Planning and Development	Road Transport	Other	Total for Municipality
	R	R	R	R	R	R	R	R	R
REVENUE									
Revenue from Non-exchange Transactions									
Property Rates	-	64 099 779	-	-	-	-	-	-	64 099 779
Fines, Penalties and Forfeits	39 858	1 515	-	-	-	-	25 955 366	-	25 998 815
Licences and Permits	-	-	-	-	-	-	19 522	-	19 522
Transfers and Subsidies	-	652 280 711	7 324 970	-	-	86 653	-	-	914 796 631
Interest, Dividends and Rent on Land Earned	-	7 891 755	-	-	-	-	-	-	7 891 755
Revenue from Exchange Transactions									
Licences and Permits	-	-	-	-	-	-	10 870 907	-	10 870 907
Service Charges	-	-	-	-	-	-	-	-	313 832 071
Sales of Goods and Rendering of Services	324 116	192 560	-	-	-	938 419	7 268	-	2 271 223
Rental from Fixed Assets	456	6 763 400	-	151 643	-	-	-	-	7 053 091
Interest, Dividends and Rent on Land Earned	16 287 548	5 912 442	-	-	-	-	-	-	47 590 358
Operational Revenue	6 771	916 070	1 155 540	-	-	7 133	17 273	-	2 109 106
Gains on Other Operations	-	-	-	-	-	-	-	-	-
Gains on Disposal of Capital Assets	-	13 751 858	-	-	-	-	-	-	13 751 858
Total Revenue	16 658 749	751 810 090	8 480 510	151 643	-	1 032 204	36 870 336	-	1 410 285 115
EXPENDITURE									
Employee Related Costs	19 017 244	47 538 104	8 727 550	678 987	-	17 090 804	38 105 493	940 839	243 443 560
Remuneration of Councillors	10 025 765	-	-	-	-	-	-	-	10 025 765
Depreciation and Amortisation	238 436	1 645 713	16 426	193 269	-	77 332	29 307 388	4 058	101 552 312
Impairment Losses	60 560 546	-	-	-	-	-	25 730 457	-	86 291 003
Interest, Dividends and Rent on Land	-	-	-	-	-	-	-	-	2 839 949
Bulk Purchases	-	-	-	-	-	-	-	-	230 940 577
Contracted Services	612 114	41 336 078	253 773	13 626	-	193 039	132 694 112	-	292 447 839
Inventory Consumed	171 342	324 064	233 704	12 366	-	28 419	6 509 587	-	19 249 094
Transfers and Subsidies Paid	133 109	-	-	-	-	-	-	-	1 212 043
Operating Leases	57 130	334 965	20 147	-	-	114 470	50 742	-	4 108 972
Operational Costs	21 369 363	9 408 486	420 975	2 916	-	1 715 869	639 655	18 091	52 870 824
Loss on Disposal of Capital Assets	253 027	364 121	12 058	174	-	35 464	377 899	7 450	5 258 868
Total Expenditure	112 438 075	100 951 531	9 684 634	901 338	-	19 255 397	233 415 333	970 438	1 050 240 806
Surplus/(Deficit) for the Year	(95 779 326)	650 858 559	(1 204 123)	(749 694)	-	(18 223 192)	(196 544 998)	(970 437.83)	360 044 309

APPENDIX I
MOGALAKWENA MUNICIPALITY
SEGMENTAL ANALYSIS OF FINANCIAL PERFORMANCE (Continued)

Year Ended 30 June 2017

Description	Executive and Council	Finance and Administration	Public Safety	Housing	Environmental Protection	Planning and Development	Road Transport	Other	Total for Municipality
	R	R	R	R	R	R	R	R	R
REVENUE									
Revenue from Non-exchange Transactions									
Property Rates	-	59 618 321	-	-	-	-	-	-	59 618 321
Fines, Penalties and Forfeits	26 850	-	-	-	-	-	2 171 945	-	2 200 982
Licences and Permits	-	-	56 684	-	-	-	1 400 484	-	1 457 167
Transfers and Subsidies	369 653 000	1 624 999	38 455 632	-	-	10 000 000	24 564 560	-	696 186 307
Interest, Dividends and Rent on Land Earned	-	-	-	-	-	-	-	-	-
Revenue from Exchange Transactions	-	-	-	-	-	-	-	-	-
Licences and Permits	-	-	-	-	-	-	7 141 451	-	7 141 451
Service Charges	-	-	-	-	-	-	-	-	246 544 386
Sales of Goods and Rendering of Services	471 564	140 966	1 090	-	-	(1 102 857)	27 668	-	(225 353)
Rental from Fixed Assets	-	(10 291 362)	-	153 922	-	-	-	-	(10 036 369)
Interest, Dividends and Rent on Land Earned	31 114 322	10 686 636	-	-	-	-	-	-	41 800 957
Operational Revenue	899	9 692 875	4 191	-	-	8 187	1 593	-	9 719 744
Gains on Disposal of Capital Assets	-	11 096 192	-	-	-	-	-	-	11 096 192
Total Revenue	401 266 634	82 568 626	38 517 597	153 922	-	8 905 330	35 307 701	-	1 065 503 785
EXPENDITURE									
Employee Related Costs	13 331 344	40 394 973	8 528 891	619 780	-	15 917 786	34 812 842	833 819	212 449 004
Remuneration of Councillors	18 225 312	-	-	-	-	-	-	-	18 225 312
Depreciation and Amortisation	9 861 886	1 674 557	356 216	2 631	-	119 555	163 150 801	9 193	341 552 658
Impairment Losses	37 233 035	-	-	-	-	-	-	-	37 233 035
Interest, Dividends and Rent on Land	-	-	-	-	-	-	-	-	2 868 974
Bulk Purchases	-	-	-	-	-	-	-	-	184 644 715
Contracted Services	1 029 648	32 185 051	626 745	154 630	-	722 017	138 297 836	-	282 872 560
Inventory Consumed	-	76 617	49 299	-	-	3 367	7 021 327	4 435	26 899 949
Transfers and Subsidies Paid	142 693	59 728	-	-	-	-	214 357	-	221 337
Operating Leases	41 941	339 939	-	-	-	69 658	242 126	-	10 687 164
Operational Costs	19 574 179	11 849 431	381 385	19 014	-	4 409 476	952 682	127 975	39 326 400
Loss on Disposal of Capital Assets	-	-	-	-	-	-	-	-	-
Total Expenditure	99 440 038	86 580 296	9 942 535	796 055	-	21 241 859	344 691 970	975 422	1 156 981 108
Surplus/(Deficit) for the Year	301 826 596	(4 011 670)	28 575 061	(642 133)	-	(12 336 528)	(309 384 269)	(975 421.73)	(91 477 323)